**KELINGTON GROUP BERHAD**
[Registration No. 199901026486 (501386-P)]


# ELEVATING
## OPERATIONAL EXCELLENCE

ANNUAL REPORT 2024

# INSIDE THIS REPORT

## 25TH ANNUAL GENERAL MEETING

**Venue:**
Function Room 1, Setia City Convention Centre,
No. 1, Persiaran Setia Dagang AG U13/AG,
Setia Alam Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia

**Date:** Wednesday, 25 June 2025 **Time:** 10:00 am

Scan the QR code to download our Annual Report 2024 or visit our website https://kelington-group.com/report-presentation/

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# ABOUT US

## A QUARTER CENTURY OF INNOVATION AND EXCELLENCE

**Kelington Group Berhad ("KGB") is proud to have spent the past 25 years at the forefront of Ultra High Purity ("UHP") gas and chemical delivery solutions. Our steadfast commitment to innovation, quality, and customer satisfaction has earned us the trust of businesses across a wide range of industries.**

Founded in 1999, KGB began as a leading provider of UHP gas and chemical delivery solutions for the high-tech industry. Over the years, we have expanded into Process Engineering, specialising in the design and construction of mechanical and electrical systems that support industrial operations. We have also established a strong presence in General Contracting, delivering civil, mechanical, and engineering solutions for specialised facilities such as clean rooms and Research & Development centers.

Additionally, we have ventured into the Industrial Gases sector, focusing on manufacturing liquid carbon dioxide and dry ice, providing on-site gas supply, and trading specialty gases across various industries.

Our impressive track record of completed projects spans multiple countries, including Malaysia, China, Taiwan, Singapore, Philippines and Indonesia. This extensive experience underscores our ability to deliver high-quality solutions to an international client base.

As we celebrate our 25th anniversary, KGB remains dedicated to pushing the boundaries of engineering excellence and innovation. We continue to provide our clients with exceptional service and solutions, building on our rich legacy of success and leadership in the industry.

### OUR VISION

To be a sustainable, leading, and well-diversified high-technology company globally.

### OUR MISSION

Cultivate Kelington as a profitable organisation that is continuously investing in new technology, delivering world-class quality services and engineering solutions to meet our customers' requirements while prioritising safety and cost-effectiveness.

### OUR CORE VALUES

**BUILDING PARTNERSHIP**
Commitment to create a network of shared success.

**CONTINUOUS IMPROVEMENT**
Always pushing the boundaries of what's possible.

**ENCOURAGE INNOVATION**
Establish a workplace that nurtures creativity and empowers individuals to shape the future.

**SAFETY FIRST**
Committed to being responsible stewards of safety in everything we do.

**RM1.27 billion**
**Revenue**

**RM2.56 billion**
**Market Capitalisation**





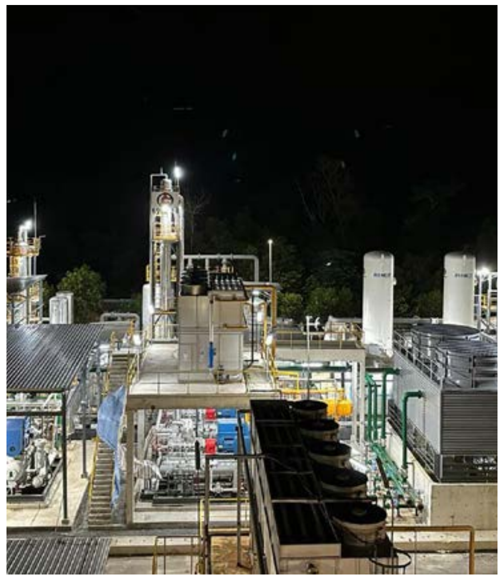
# OUR BUSINESS

With a dedicated workforce of approximately 800 professionals, we maintain regional offices in Malaysia, Singapore, China, and Taiwan, enabling us to serve our clients efficiently across multiple locations.

## ENGINEERING BUSINESS

| | 01 ADVANCED ENGINEERING (UHP) | 02 PROCESS ENGINEERING | 03 GENERAL CONTRACTING |
|---|---|---|---|
| | We engineer solutions that ensure safe handling of the delivery and distribution of ultra-high purity gases and chemicals all the way from source to equipment to waste disposal. (i.e. wafer fabrication). | We engineer and construct mechanical and electrical systems that support industrial processes across many sectors. We offer custom integrated process skid fabrications all the way up to large scale constructions. | We provide general contracting works encompassing, civil and mechanical and engineering services to construct specialised facilities such as clean rooms and Research & Development ("R&D") centers. |
| REVENUE | 68% RM867.3 mil | 7% RM85.5 mil | 14% RM174.7 mil |
| WE SERVE | Semiconductor players, Electronic manufacturers, Gas Plants, etc. | Oil and gas, Petrochemicals, industrial plants, etc. | Manufacturing facilities and Industrial plants. |

## INDUSTRIAL GASES



| 01 MANUFACTURING OF LIQUID CARBON DIOXIDE AND DRY ICE | 02 ON-SITE GAS SUPPLY | 03 TRADING OF SPECIALTY GASES |
|---|---|---|
| We manufacture and distribute liquid carbon dioxide and dry ice to various users. | We invest, operate and maintain on-site gas generators via supply scheme contracts to various users. | We distribute specialty gases via portable high-pressure gas storage tanks to various users. |

**REVENUE**

11%
RM144.6 mil

**WE SERVE**

Semiconductor players, Electronic manufacturers, Resellers, Food & Beverages sector, Commercial businesses etc.

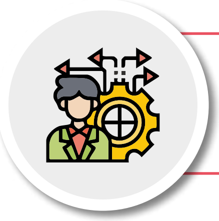
# FINANCIAL HIGHLIGHTS

| | FINANCIAL YEAR ENDED 31 DECEMBER | | | | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **2024** |
| Revenue (RM'000) | 394,599 | 514,554 | 1,278,837 | 1,614,449 | **1,272,169** |
| Profit Before Taxation (RM'000) | 20,945 | 35,694 | 74,391 | 133,903 | **158,771** |
| Profit After Taxation (RM'000) | 17,591 | 29,700 | 58,506 | 106,018 | **126,756** |
| Shareholders' Funds (RM'000) | 168,329 | 192,747 | 243,115 | 338,392 | **473,349** |
| Total Assets (RM'000) | 350,343 | 403,968 | 1,055,641 | 1,071,328 | **1,150,185** |
| Net Assets Per Share (RM)* | 0.26 | 0.30 | 0.38 | 0.52 | **0.66** |
| Basic Earning Per Share (RM'Cent)*# | 3.67 | 6.0 | 8.67 | 16.17 | **18.43** |
| Dividend per share (RM'Cent) | 1.5 | 1.5 | 2.5 | 4.0 | **8.0** |
| Number of Shares in Issue ('000)*# | 643,007 | 643,007 | 643,007 | 644,797 | **716,046** |
| Share Price (RM)*^ | 0.831 | 1.72 | 1.37 | 2.17 | **3.57** |
| Market Capitalisation (RM'000)#^ | 534,339 | 1,105,972 | 880,920 | 1,399,209 | **2,564,281** |

* *The comparative net assets per share, basic earnings per share, number of shares in issue and share price have been restated to reflect the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share which was completed on 2 July 2021.*

# *Based on Company's issued and paid-up share capital, excluding treasury shares.*

^ *As at the last trading day of the financial year.*



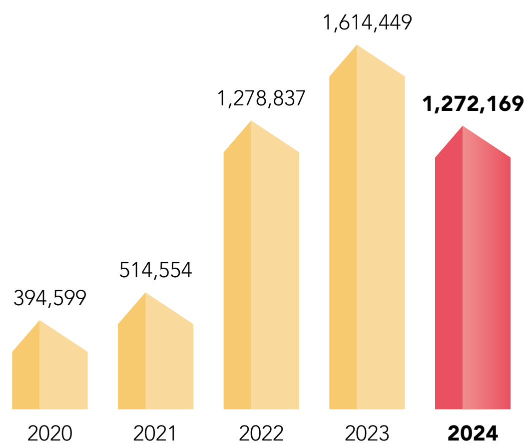
**RM1.66 million**

**Revenue Per Employee**

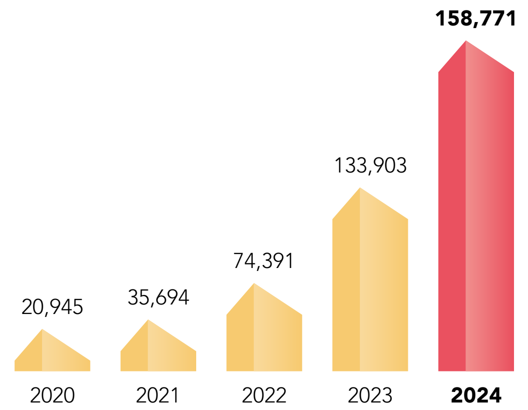




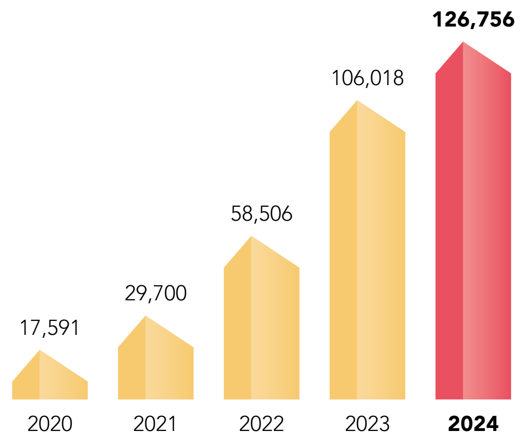
## REVENUE
(RM'000)



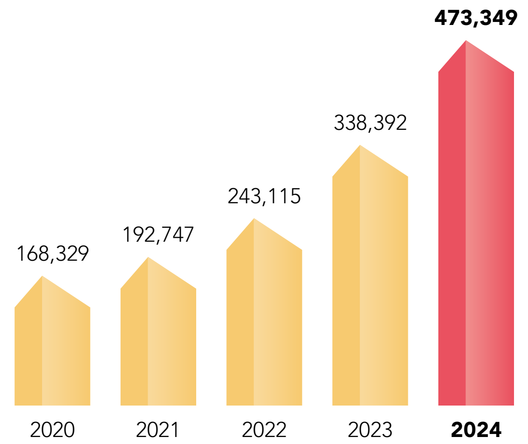

## PROFIT BEFORE TAXATION
(RM'000)



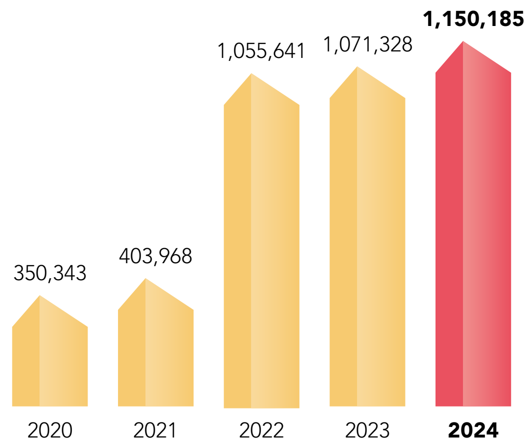

## PROFIT AFTER TAXATION
(RM'000)



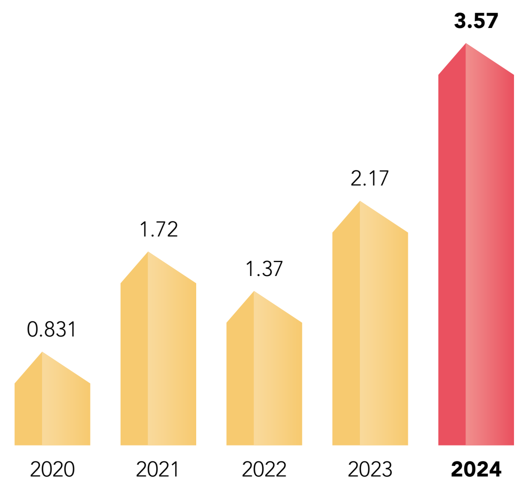

## SHAREHOLDERS' FUNDS
(RM'000)




## TOTAL ASSETS
(RM'000)




## SHARE PRICE
(RM)



# KEY MILESTONES

**1999**
Incorporation of Kelington Technologies Sdn. Bhd.

**2000**
Secured our FIRST semiconductor project in Malaysia

**2002**
Set up office in Shanghai, China

**2003**
Secured our FIRST **TFT-LCD** project in Taiwan

**2004**
Secured our FIRST **semiconductor** project in China

**2006**
Set up an office in Singapore

**2007**
Secured FIRST **solar energy** project in China

**2008**
Secured the FIRST **renewable energy** project in Singapore

**2009**
Listed on the ACE Market of Bursa Malaysia Securities Berhad

**2010**
Secured project from the largest **wafer fabrication foundry** in China

**2011**
Secured our FIRST **glass manufacturing plant** project in Vietnam

Secured our FIRST **bioscience** project in Singapore

**2012**
Transferred to the Main Market of Bursa Malaysia Securities Berhad

Expanded business offerings by acquiring Puritec Technologies (S) Pte. Ltd. in Singapore

**2013**
Secured a 2+1 year contract from one of the world's largest chip makers

Secured our FIRST **healthcare** project in Shanghai, China

Secured our FIRST **oil & gas** related project in Malaysia

Secured our FIRST **aerospace** related project in Singapore

Secured our FIRST **palm oil refinery** project in Malaysia

**2014**
Secured our FIRST **chemical processing** project in Malaysia

Secured our FIRST **pharmaceutical project** in Malaysia

Secured our FIRST **research and development complex** project in Singapore

Secured our FIRST **military** project in Taiwan

**2015**
Set up subsidiary in Philippines

Secured large value project for a wafer fabrication facility in Singapore

**2016**
Incorporated subsidiary to commence new business activity involving the supply of industrial gases

**2017**
Secured our FIRST 10-year industrial gas supply contract in Malaysia

Signed a 15-year agreement with PETRONAS to purchase Carbon Dioxide ("$CO_2$") waste gas for our manufacturing of liquid $CO_2$ gas business

**2018**
Achieved a record high in terms of net profit and new order secured

**2019**
Secured a large value contract to provide turnkey construction and engineering services in Singapore for one of the world's largest gas companies

Commencement of Operation of the new Carbon Dioxide Recovery Plant

Commencement of Operation of the new Dry Ice Plant

Commencement of Operation of the new UHP fabrication facility in China

**2020**
Secured the largest gas hook-up contracts thus far for KGB from the largest semiconductor foundry company in China

Achieved a new record high for new orders secured in FY2020 at RM490 million

First full year operation of our new liquid $CO_2$ plant and started exporting liquid $CO_2$ products

**2021**
Secured a landmark RM420 million contracting project from world leading data storage devices and solutions specialist

**2022**
New $LCO_2$ plant in Kerteh, Terengganu with 70,000 tonnes/year capacity, expected to be completed in 4Q 2023

Achieved a new record high for new orders secured in FY2022 at RM1.85 billion

Received a Silver award for "Most Improved Performance over three years" in the Edge ESG Awards 2022 for companies with RM300 million - RM800 million market capitalisation

**2023**
Net profit surpassed the RM100 million mark for the first time.

FTSE4Good Bursa Malaysia ESG rating has improved to four stars. This places the Group within the top 25% for ESG performance among public listed companies in the FBM EMAS, as assessed by FTSE Russell.

Maintained its position as a constituent of both the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index.

## 2024

Commencement of second $LCO_2$ plant, bringing total annual production capacity to 120,000 tonnes.

Launched and commercialised IVTECH, our own brand in Singapore, offering innovative products to improve efficiency, construction, and safety.

Received two awards at the Edge Billion Ringgit Club 2024 – for highest returns to shareholders over three years and highest growth in PAT in the last three years in the industrial products and services sector.

Recognised once again at the Edge Malaysia ESG Awards 2024 – took home Gold for the most improved ESG performance over three years among companies with a market capitalisation of between RM800 million and RM5 billion.

# CORPORATE STRUCTURE

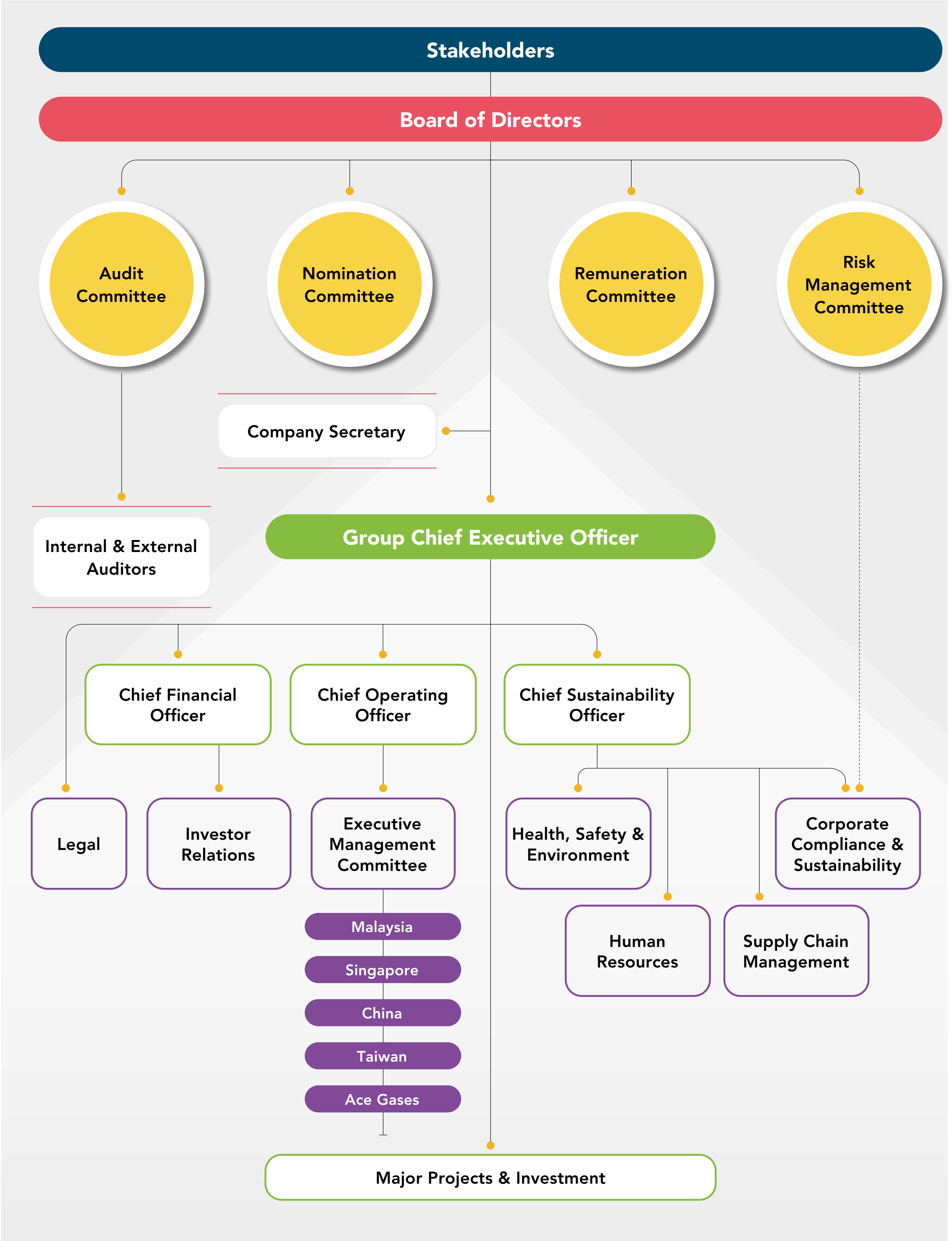
**Kelington Group Berhad & Branch in Taiwan**

- 100% **Kelington Technologies Sdn. Bhd.** *(Incorporated in Malaysia)*
  - 100% **Kelington Technologies (Sarawak) Sdn. Bhd.** *(Incorporated in Malaysia)*
- 100% **Puritec Technologies (M) Sdn. Bhd.** *(Incorporated in Malaysia)*
- 100% **Kelington Engineering (S) Pte. Ltd.** *(Incorporated in Singapore)*
  - 100% **Puritec Technologies (S) Pte. Ltd.** *(Incorporated in Singapore)*
  - 90% **Kelington Solomon Philippines, Inc.** *(Incorporated in Philippines)*
  - 100% **Kelington Engineering (HK) Limited** *(Incorporated in Hong Kong)*
  - 100% **Kelington Engineering (Germany) GmbH** *(Incorporated in Germany)*
- 100% **Kelington Engineering (Shanghai) Co., Ltd.** *(Incorporated in the People's Republic of China)*
  - 100% **Kelington Trading (Shanghai) Co., Ltd.** *(Incorporated in the People's Republic of China)*
  - 100% **Kelington System Integration (ChuZhou) Co., Ltd.** *(Incorporated in the People's Republic of China)*
- 100% **Ace Gases Sdn. Bhd.** *(Incorporated in Malaysia)*
  - 100% **Ace Gases Marketing Sdn. Bhd.** *(Incorporated in Malaysia)*
  - 100% **Ace Gases Marketing (S) Pte. Ltd.** *(Incorporated in Singapore)*
  - 100% **Cryotech Logistics Sdn. Bhd.** *(Incorporated in Malaysia)*
  - 100% **Ace Gases Technologies India Private Limited** *(Incorporated in India)* Become a subsidiary on 21 July 2024
  - 100% **PT. PMA. Ace Gases Indonesia** *(Incorporated in Indonesia)* Become a subsidiary on 10 December 2024
- 100% **Hiti Engineering (M) Sdn. Bhd.** *(Incorporated in Malaysia)*





# GOVERNANCE STRUCTURE



# MANAGEMENT DISCUSSION AND ANALYSIS

## STRATEGIC OVERVIEW

### OPERATING ENVIRONMENT: KEY MARKET TRENDS

**In 2024, the global semiconductor industry recorded its highest-ever sales of $627.6 billion, representing a 19.1% year-on-year growth. This surge was fuelled by robust demand for AI-driven applications, high-performance computing, and data centre expansion. With rapid advancements in chip technology and increasing adoption across diverse industries, the long-term outlook for the industry remains positive.**

Meanwhile, demand for industrial gases also remained strong, supported by expanding applications across multiple sectors, particularly semiconductor and food & beverage (F&B) manufacturing. In semiconductor production, ultra-high-purity ("UHP") gases are critical for advanced chip production, while in the F&B sector, gases such as carbon dioxide ("$CO_2$") are essential for preservation and carbonation processes.

Malaysia continues to attract significant industrial and manufacturing investments. In 2024, approved investments totalled RM378.5 billion, up 14.9% from RM329.5 billion in 2023. Pro-business policies and strategic blueprints—including the New Industrial Master Plan ("NIMP") 2030 and the Malaysia Digital Economy Blueprint—further strengthen the nation's appeal for high-value, technology-driven industries.

At the global level, semiconductor manufacturers are accelerating wafer fabrication capacity expansion. Key markets where Kelington operates—China, Taiwan, and Singapore—have announced multi-billion-dollar investments to develop new semiconductor hubs.

During the year, we continued to gain industry recognition, securing the Gold Medal for Most Improved ESG Performance over three years, ranking first in Profit After Tax ("PAT") growth over three years, and achieving the highest returns to shareholders over three years, as recognised by *The Edge Billion Ringgit Club*.

Amidst a dynamic market, we achieved another record high net profit of RM124.3 million, surpassing previous achievements despite a moderation in revenue. This reflects the strength of our business model, clear strategic direction, and disciplined execution.

From our origins as an engineering solutions provider, we have since strategically expanded our capabilities, including our diversification into industrial gas manufacturing. This dual-engine model blends project-based revenue with recurring income, enhancing financial resilience and supporting growth across economic cycles.

Our geographical expansion into new markets in Europe reflects a forward-looking strategy aimed at long-term value creation. With a dynamic and balanced portfolio, we are well-positioned to navigate market shifts and capitalise on emerging growth prospects.

## KEY MARKET TRENDS

### Escalating US-China Trade Frictions

Ongoing trade tensions between the United States ("US") and China over tariffs and trade practices persist. The new US administration maintains a firm stance on economic and national security-related concerns, particularly in high-technology sectors, resulting in prolonged frictions over tariffs, export controls, and market access.

**Actual / Potential impact:**

- **Export Controls and Technology Restrictions** – The US has implemented stringent export controls targeting China's access to advanced semiconductor technologies. These includes restrictions on high-performance chips used in artificial intelligence ("AI") and supercomputing.
- **China's Semiconductor Push** – In response, China is accelerating investments to strengthen its domestic semiconductor production and ecosystem to achieve self-sufficiency and reduce reliance on foreign technology and supply chains.
- **Supply Chain Restructuring** – Global corporations are actively diversifying production and supply chains to mitigate geopolitical risks. Many are adopting a "China+1" strategy, diversifying production to alternative locations such as Southeast Asia, India, Europe, and the US.

**How we responded:**

- Our established operations in key markets such as Malaysia, China, and Singapore position us advantageously amid the ongoing US-China trade tensions, allowing us to navigate shifting dynamics effectively. These locations position us to support customers adapting to new sourcing and production requirements.
- Europe is emerging as a key destination for new semiconductor wafer fabrication facilities, driven by efforts to build a more self-reliant and secure chip supply chain. Concurrently, we are proactively exploring opportunities in Germany to support global clients seeking alternative production hubs and to capitalise on the growth of advanced manufacturing in the region.

**OUTLOOK**

- The ongoing shift in global manufacturing, fuelled by diversification beyond China and China's accelerated semiconductor production, offers vast opportunities for us.
- Germany serves as pivotal hubs for innovation in these industries, reinforcing our optimism about expanding our presence there and capturing a greater share of the global semiconductor capital expenditure in these markets.
- With a well-established track record and a diversified service portfolio, we are strategically positioned to capitalise on this evolving landscape. Our active pursuit of projects in these regions is reflected in our tender book, which currently stands at RM3.5 billion.

## KEY MARKET TRENDS

### The Future of Semiconductor Growth

**Actual / Potential impact:**

- **18 New Fab Projects** – The semiconductor industry plans to start construction of 18 new fabrication facilities in 2025, including 3 (200mm) and 15 (300mm) fabs. The Americas and Japan lead with 4 projects each, followed by China and Europe-Middle East (3 each), Taiwan (2), and Korea & Southeast Asia (1 each). (Source : SEMI World Fab Forecast report)
- **Rise in Global Semiconductor Revenue** – Forecasts indicate that worldwide semiconductor revenue will reach approximately $717 billion in 2025, marking a 14% increase from the previous year. This is driven by robust demand for AI applications and high-performance computing.
- **RM500 billion Investment Target** – At SEMICON Southeast Asia 2024, the Malaysian government announced the National Semiconductor Strategy ("NSS"), aiming to attract RM500 billion in investments by 2030. The NSS prioritises domestic development in IC design, advanced packaging, and manufacturing equipment domestically while securing foreign investments in wafer fabrication and semiconductor equipment. This could attract more semiconductor projects in Malaysia.

**How we responded:**

- We have been serving the semiconductor industry both domestically and globally for many years, delivering high-quality engineering solutions with a dedicated emphasis on precision, reliability, and innovation. Our expertise in advanced engineering services, including ultra-high purity ("UHP") solutions, has established us as a trusted partner for wafer fabrication projects globally.
- As the industry continues to expand, we remain committed to supporting our clients with best-in-class solutions, leveraging our extensive experience and technical capabilities. Whether in Malaysia or international markets, we have consistently demonstrated our ability to execute complex projects, ensuring we remain a key player in the evolving semiconductor landscape.
- To strengthen our market presence further, we aim to develop innovative products for the semiconductor industry that prioritise performance, reliability, and safety. Under our IVTech brand, we launched the VanGuard valve guard to enhance safety and operational reliability in semiconductor facilities. Its fool-proof design prevents accidental valve knob rotations, addressing safety concerns typically associated with conventional valve guards. Additionally, we successfully registered the Incident Free Valve Guard and BSGS Pigtail Auto Guard with the Intellectual Property Office of Singapore ("IPOS") under Design Right registration.

**OUTLOOK**

- We anticipate continued advancement in our UHP revenue, with strengthened momentum propelled by international markets. While Malaysia's semiconductor industry is on a positive trajectory, large-scale investments and adoption take time to materialise. However, when Malaysia fully establishes itself as a key player in the global semiconductor supply chain, we will be well-positioned to support and serve the market.
- At the same time, with China facing restrictions from the US, we foresee China continuing to strengthen its domestic semiconductor industry by ramping up local production and technological advancements. This presents significant prospects for us as we have an established presence in China, allowing us to support the industry's expansion with our engineering expertise and high-quality solutions.





## KEY MARKET TRENDS

### The Global Shift towards Sustainable Energy

**Actual / Potential impact:**

- In 2024, global investment in clean energy has reached an all-time high of nearly USD 2 trillion, surpassing fossil fuel investments, which stand at approximately USD 1 trillion, according to the International Energy Agency ("IEA").
- The shortage of $CO_2$ waste gas, caused by the closure of petrochemical plants, has disrupted the Liquid $CO_2$ ("$LCO_2$") supply chain, leading to a global shortfall. However, this supply constraint has created an opportunity for us, as the rising demand for $LCO_2$ remains critical across various industries, including F&B production and other industrial applications.
- Malaysia is advancing Carbon Capture, Utilisation, and Storage ("CCUS") initiatives as part of its strategy to achieve net-zero emissions by 2050. By positioning itself as a regional CCUS hub, the country aims to balance economic development with environmental responsibility. The passage of the CCUS Bill 2025 on 6 March 2025 marks a key legislative milestone to support the rollout of these initiatives and strengthen Malaysia's long-term decarbonisation agenda. This is expected to drive wider adoption, and our existing capabilities place us ahead of the curve.

**How we responded:**

- Our supply of $CO_2$ raw gas, the key raw material for producing $LCO_2$, remains stable as we primarily source it from PETRONAS. This ensures a reliable and uninterrupted supply to meet market demand.
- Our second $LCO_2$ plant commenced operations in the first quarter of 2024, increasing our total $LCO_2$ production capacity from 50,000 tonnes per year to 120,000 tonnes per year. With a current utilisation rate of 66% we are actively filling the supply gap created by the global $LCO_2$ shortage, particularly in the F&B industry.
- Kelington is well-positioned to benefit from growing CCUS opportunities by leveraging its $LCO_2$ production, which captures and repurposes $CO_2$ emissions in line with global decarbonisation efforts. We are actively pursuing CCUS initiatives, including potential collaborations with major industry players to further expand our involvement in this sector.

**OUTLOOK**

- The industrial gas segment is expected to provide a steady and recurring income stream for our Group, enabling us to capitalise on opportunities across different market cycles and sectors.
- With over 70% of our food-grade $LCO_2$ exported, we are actively addressing supply shortages in Singapore, Australia, New Zealand, Fiji, Indonesia, and the Philippines, further strengthening our presence in regional markets.
- Additionally, we are receiving increasing enquiries from various F&B manufacturers across multiple regions, reflecting the sustained demand for high-purity $LCO_2$ in carbonated beverages, food preservation, and other applications.

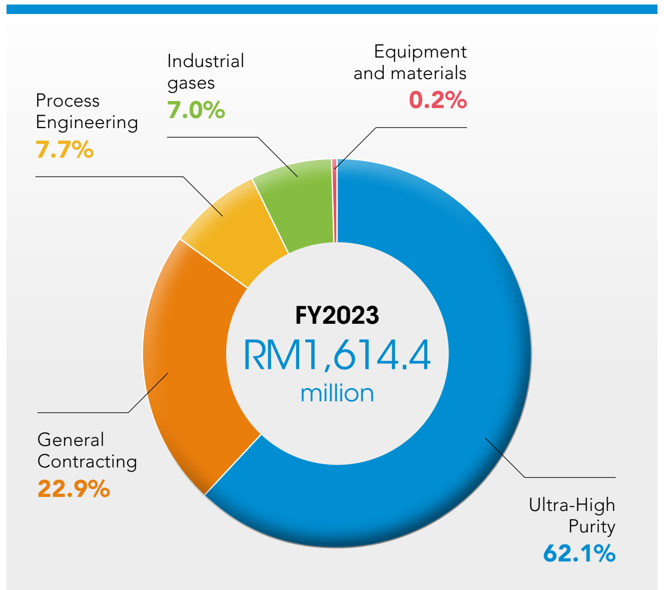
## REVIEW OF FINANCIAL PERFORMANCE

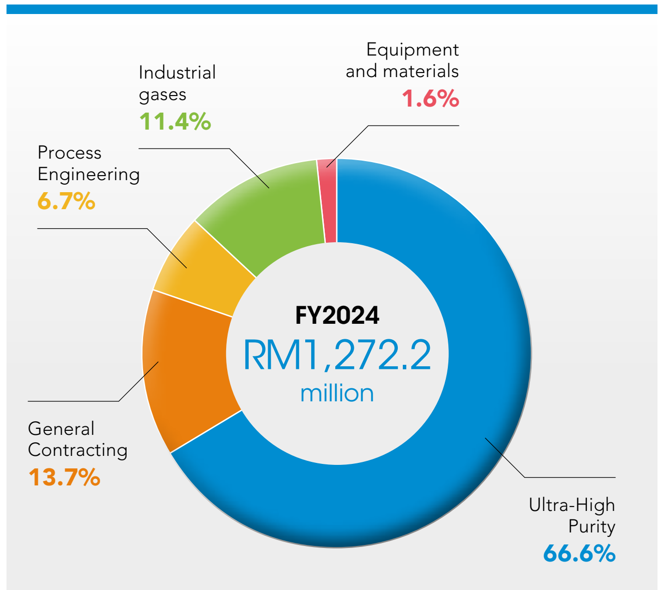
| Financial Performance | FY2023 (RM'mil) | FY2024 (RM'mil) | Variance |
|---|---|---|---|
| **Revenue** | **1,614.4** | **1,272.2** | (21.2%) |
| Cost of sales | (1,384.9) | **(1,027.4)** | (25.8%) |
| **Gross profit** | **229.5** | **244.8** | 6.7% |
| **Gross profit margin (%)** | **14.2%** | **19.2%** | |
| Other income | 9.6 | **12.4** | 29.2% |
| Administrative expenses | (72.9) | **(74.3)** | 1.9% |
| Selling and distribution expenses | (3.8) | **(4.7)** | 23.7% |
| Other expenses | (17.5) | **(10.0)** | (42.9%) |
| Finance costs | (11.0) | **(9.4)** | (14.5%) |
| **Profit before tax** | **133.9** | **158.8** | 18.6% |
| **Profit before tax margin (%)** | **8.3%** | **12.5%** | |
| Taxation | (27.9) | **(32.0)** | 14.7% |
| **Effective tax rate (%)** | **20.8%** | **20.2%** | |
| Profit after tax | 106.0 | **126.8** | 19.6% |
| **Profit after tax margin (%)** | **6.6%** | **10.0%** | |
| Net profit attributable to shareholders | 104.1 | **124.3** | 19.4% |
| **Net profit margin (%)** | **6.5%** | **9.8%** | |

Kelington reported a revenue of RM1,272.2 million for the financial year ended 31 December 2024 ("FY2024"), compared to RM1,614.4 million in the preceding financial year ("FY2023"). The variation in revenue was primarily attributed to project completions in Singapore and Malaysia, alongside a timing gap between the completion of existing projects and the commencement of upcoming projects.

Despite the revenue decline, the Group delivered a remarkable uplift in net profit to RM124.3 million, underpinned by a favourable project mix and higher contributions from the Industrial Gases division.

**Revenue Breakdown By Business Segment**








Revenue from the UHP division stood at RM847.4 million in FY2024, representing a 15% decrease from RM1,002.2 million in FY2023. This was largely due to the completion of several UHP projects in Singapore. However, the impact was partially mitigated by a rise in UHP projects in China, reflecting the region's continued strong demand for UHP services.

Similarly, revenue from the General Contracting division was RM174.7 million in FY2024 vis-à-vis RM370.2 million in FY2023, due to lower contributions from operations in Malaysia, Singapore, and China.

The Process Engineering division recorded a revenue of RM85.5 million in FY2024, a 31% reduction from RM123.9 million in FY2023. This was mainly attributed to the near completion of a major project in Malaysia that was awarded in 2022.

Conversely, the Industrial Gases division reported a robust 27% year-on-year growth in revenue, increasing to RM144.6 million in FY2024 from RM113.8 million in FY2023. This expansion was backed by higher sales of $LCO_2$ and other gases, reinforcing the division's growing contribution to the Group's overall performance.

**Revenue Breakdown By Business Segment**

| | Revenue | |
|---|---|---|
| | 31.12.2023 (RM'mil) | 31.12.2024 (RM'mil) |
| Malaysia | 699.5 | **503.8** |
| China | 238.2 | **376.9** |
| Taiwan | 30.5 | **22.9** |
| Singapore | 610.5 | **331.8** |
| Others | 35.7 | **36.8** |
| **Total** | 1,614.4 | **1,272.2** |

The Group's revenue contribution by geographical segment remained concentrated in its key operating markets, namely Malaysia (39.6%), Singapore (26.1%), and China (29.6%), which collectively accounted for approximately 95.4% of the Group's total revenue.

Revenue from China recorded a substantial increase to RM376.9 million, representing an 58.2% climb from RM238.2 million in the corresponding period last year. This strong performance was largely attributed to the successful award and execution of several large UHP projects in the second half of 2023 and the first half of 2024. This reflects the continued rise in demand for UHP solutions in China, supported by the country's accelerated expansion of its semiconductor production capacity.

In Malaysia, revenue stood at RM503.8 million, a 28.0% decrease from RM699.5 million in FY2023. The lower revenue was primarily due to the completion phase of several major projects, while newly secured projects have yet to make a significant impact, further influencing overall revenue.

In FY2024, revenue from Singapore totalled RM331.8 million, down from RM610.5 million in FY2023. The completion of several major projects in the region, along with others approaching completion, was the primary contributing factor.

Despite the moderation in revenue, the Group delivered higher profitability, with gross profit ("GP") increasing to RM244.8 million in FY2024, up from RM229.5 million in the previous year. This was accompanied by an improvement in GP margin, rising from 14.2% to 19.2%, driven by a more favourable project mix and higher contributions from the Industrial Gases division.

Other income grew by 29.2% to RM12.4 million in FY2024, compared to RM9.6 million in FY2023. This was supported by higher interest income of RM5.9 million in FY2024 (FY2023: RM2.5 million), benefiting from stronger fixed deposits with licensed banks.

Meanwhile, finance costs declined to RM9.4 million in FY2024 from RM11.0 million in FY2023, due to reduced short-term borrowings and lower interest expenses.

As the Group successfully improved its gross profit margin while maintaining effective cost management, both Profit Before Tax ("PBT") and Profit After Tax ("PAT") recorded year-on-year growth.

PAT rose to a record high RM126.8 million in FY2024, representing an 19.6% surge from RM106.0 million in FY2023. This growth was in tandem with the higher proportion of projects with improved margins, reinforcing the Group's ability to sustain and enhance profitability.

**Cash Flow And Capital Resources**

| Net Cash from/(used in) | 31.12.2023 (RM'mil) | 31.12.2024 (RM'mil) |
|---|---|---|
| Operating Activities | 177.0 | **174.5** |
| Investing Activities | (68.1) | **(72.4)** |
| Financing Activities | (106.8) | **2.8** |
| Net increase in Cash and Cash Equivalents | 2.1 | **104.9** |
| Cash and Cash Equivalents at end of the financial period | 237.3 | **357.4** |

The healthy cash flow generated from operations enabled the Group to sustain steady dividend payments while meeting capital expenditure commitments. As at 31 December 2024, cash and cash equivalents increased to RM357.4 million, driven by the following:

i. Net cash generated from operating activities was RM174.5 million in FY2024, a slight decrease from RM177.0 million in the preceding financial year, but still reflects resilient cash flow from core operations;
ii. Total cash used for investing activities was RM72.4 million in FY2024, higher than RM68.1 million in FY2023. During the year, the Group invested RM48.5 million in property plant and equipment ("PPE"), mainly for the industrial gases division and placed RM23.7 million in fixed deposits.
iii. Net cash inflow from financing activities totalled RM2.8 million in FY2024, a significant improvement cash outflow of RM106.8 million in FY2023. The improvement was bolstered by RM83.8 million in proceeds from the exercise of warrants, along with lower repayments of borrowings and lease liabilities, reducing overall financing outflows.

| Balance Sheet | FY2023 (RM'mil) | FY2024 (RM'mil) | Variance |
|---|---|---|---|
| Total Assets | 1,071.3 | **1,150.2** | 7.4% |
| Fixed deposits, cash and bank balances | 269.3 | **413.1** | 53.4% |
| Total Liabilities | 732.9 | **676.8** | (7.7%) |
| Total Borrowing | 188.2 | **185.3** | (1.5%) |
| Total Equity | 338.4 | **473.4** | 39.9% |
| Gearing Ratio (times) | 0.56 | **0.39** | (30.1%) |

In FY2024, the Group's total assets expanded to RM1,150.2 million, from RM1,071.3 million in FY2023, mainly attributed to higher fixed deposit, cash and bank balances as well as capital expenditure in the Industrial Gases division, which contributed to higher non-current assets.

As at end FY2024, the Group reported higher cash and bank balances of RM413.1 million against total borrowings of RM185.3 million, resulting in a net cash position of RM227.8 million. The increase reflects the Group's strengthened financial position and reinforces its ability to capitalise on future growth opportunities while ensuring financial flexibility in a dynamic business environment.

Furthermore, the Group's total liabilities for FY2024 reduced by approximately 7.7% YoY, primarily due to a reduction in trade payables and lower short-term borrowings following the settlement of project financing in Singapore. This was partially offset by long term loan drawdowns to fund capital expenditure in the Industrial Gases division.

The Group's capital structure remained sound, with equity increasing during the financial year under review as a result of the exercise of warrants, issuance of ordinary shares, and quarterly profits. These factors also contributed to a lower gearing ratio, improving to 0.39 times as at 31 December 2024 from 0.56 times earlier.

Reflecting the Group's performance for the year, net asset value per share rose to RM0.66 as at 31 December 2024.

In recognition of shareholders' returns, the Board has paid a total dividend of 8.0 sen per share in respect of FY2024, double the 4.0 sen per share paid in respect of FY2023. This equates to a total payout of RM56.0 million in respect of FY2024, compared to RM26.3 million in respect of FY2023.







**2025 OUTLOOK AND PROSPECTS**

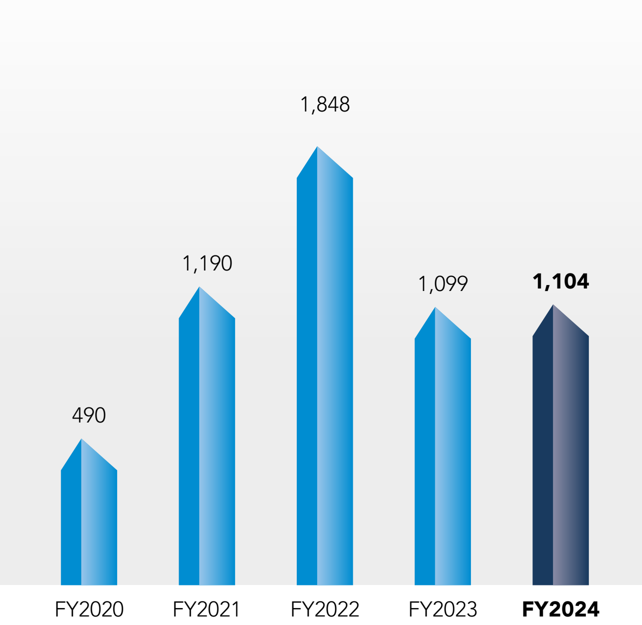
Amid the complex and evolving macroeconomic environment, global economic growth is expected to moderate in 2025. A key development shaping this outlook is the introduction of extensive tariff measures by the United States on 2 April 2025, which has heightened trade tensions and created new uncertainties for global supply chains.

At the same time, ongoing geopolitical conflicts across several regions continue to weigh on investor sentiment and disrupt economic stability. This is further compounded by the lack of clarity surrounding trade negotiations and the future trajectory of monetary policy in advanced economies, particularly as central banks remain cautious in navigating inflationary pressures and financial market volatility. Collectively, these factors point to a slower pace of global economic expansion in 2025.

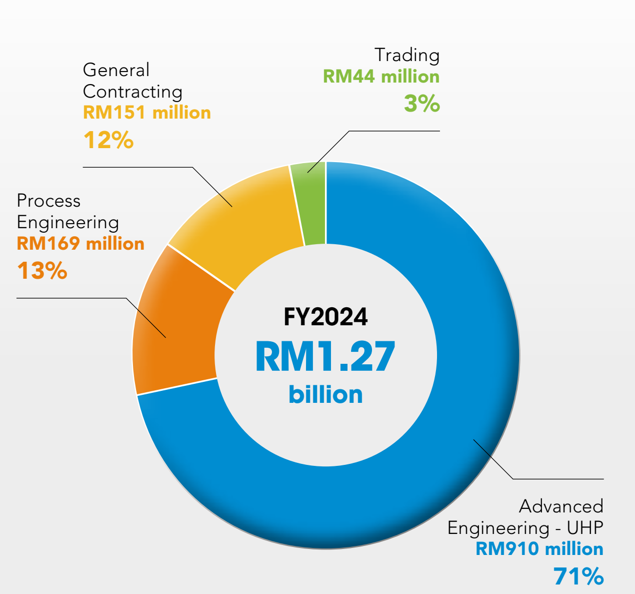
Against this backdrop, we remain confident in our ability to navigate the current uncertainties arising from global trade tensions and the imposition of new tariff measures. Our key priorities remain centred on strategic cost management, disciplined cash flow preservation, and strengthened client. These measures are vital to sustaining resilience, supported by the Group's proven ability to overcome past challenges such as the COVID-19 pandemic.

For Kelington, our existing orderbook provides near-term visibility, and we will continue to actively pursue new project opportunities to support our growth.

New Orders Secured (RM'mil)




Outstanding Orderbook as at 31 December 2024



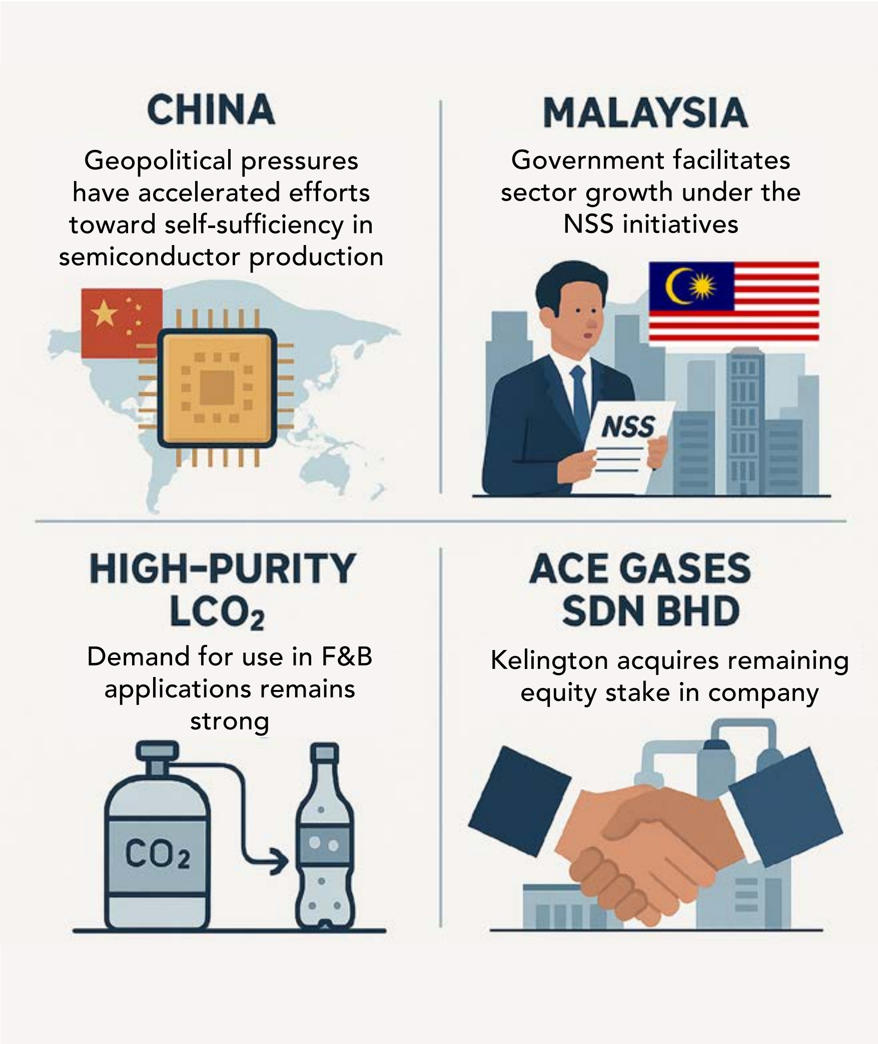

Our Group has maintained a thriving track record of replenishing its order book, consistently securing over RM1.0 billion in new contracts annually. This momentum continues in 2024, with RM1.1 billion in new contracts secured, bringing the total outstanding order book to RM1.27 billion as at 31 December 2024.

The UHP division remains the primary growth driver, contributing 71% of the total outstanding order book, amounting to RM910 million. Given the higher profit margins associated with UHP contracts, having an established presence in this segment is highly beneficial to the Group. It also reinforces the Group's brand leadership in the UHP industry, as contracts continue to be secured consistently within this space.

Beyond UHP, the Process Engineering and General Contracting divisions contribute RM169 million (13%) and RM151 million (12%) respectively, while the trading segment accounts for the balance RM44 million (3%).

The UHP segment continues to see strong demand across Singapore, India, Europe and Hong Kong, driven by the expansion of semiconductor manufacturing and the broader technology ecosystem. The rapid advancement of AI has spurred growth across multiple interconnected industries, creating a ripple effect that strengthens demand for semiconductors and, in turn, UHP solutions across the supply chain.

## MANAGEMENT DISCUSSION AND ANALYSIS




In China, geopolitical pressures have accelerated efforts toward self-sufficiency in semiconductor production, further reinforcing the need for UHP solutions. Meanwhile, in Malaysia, the government plays a critical role in shaping the sector's trajectory, particularly through the NSS. The successful execution of NSS will be essential in strengthening Malaysia's position within the global semiconductor value chain, attracting high-value investments, and enhancing local supply chain capabilities, ensuring the country remains competitive in the evolving semiconductor landscape.

Malaysia's commitment to advancing its semiconductor industry is evident through strategic initiatives such as the IC Design Park and the Government's US$250 million (RM1.11 billion) investments to secure intellectual property ("IP") rights from Arm Holdings. This investment underscores a deliberate effort to enhance local IC design capabilities, reduce reliance on foreign technology, and foster a more self-sufficient semiconductor ecosystem. However, this is a long-term endeavour that will require time to cultivate a highly skilled talent pool, develop a robust design and innovation infrastructure, and establish an ecosystem where local semiconductor firms can compete on a global scale.

As at 31 December 2024, the Group's tender book has reached an all-time high of RM4.2 billion, underscoring the scale of strategic opportunities ahead. This growth also highlights the Group's expanding presence in new geographical markets and its strengthened capability to compete for and execute projects across diverse regions.

Notably, beyond our integrated engineering services businesses, the industrial gases market remains a key growth avenue. We continue to see strong demand for high-purity $LCO_2$, with increasing enquiries from F&B manufacturers across multiple regions. This reflects the essential role of $LCO_2$ in carbonated beverages, food preservation, and other applications, further supporting the Group's growth trajectory in the industrial gases market.

In tandem with this growth, Kelington continues to strengthen its position in the industrial gases sector with the successful acquisition of the remaining 9.29% equity in Ace Gases Sdn. Bhd. on 20 November 2024. With this milestone, the Group now holds full ownership of Ace Gases, enabling the consolidation of 100% of its profits.

Building on this momentum, the Group is also advancing its initiatives in CCUS. The Kerteh $LCO_2$ Plant already operates as a Carbon Capture Technology facility, showcasing Kelington's expertise in this space. Leveraging this experience, the Group is actively exploring opportunities to expand its presence in the CCUS sector, reinforcing its commitment to sustainability and innovation in industrial gas solutions.





# SUSTAINABILITY STATEMENT

## MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER

**Dear Stakeholders,**

**It is with great pride and enthusiasm that I share with you the significant milestones and achievements of Kelington Group ("Kelington" or "the Group") in our ongoing sustainability journey. Over the past year, we have made remarkable strides in our environmental, social, and governance ("ESG") initiatives, reinforcing our commitment to creating a sustainable and resilient future.**

### WHAT SUSTAINABILITY MEANS TO US

Sustainability holds paramount importance at Kelington, where ESG considerations guide our every action. We recognise our impact on the environment and natural resources as we pursue our organisational goals. Our commitment extends to upholding the quality of our products and services for our valued customers while delivering sustainable value to our stakeholders.

At Kelington, we are committed to establishing a robust framework of policies, dedicated committees, and management systems. These structures, along with regular process reviews, are designed to uphold the highest levels of integrity and transparency in our management practices. We prioritise regular employee training and engagement to ensure that Kelington's sustainability approach is not only well understood but also effectively implemented across the Group.

In essence, sustainability at Kelington means conscientiously balancing our business objectives with our responsibility towards environmental stewardship, social welfare, and ethical governance. Through our unwavering commitment to sustainable practices, we aim to make a positive impact on the world around us while fulfilling our obligations to all our stakeholders.

At Kelington, sustainability is not just a goal but a core value that drives our business operations and strategic decisions. We are honored to have been recognised with several prestigious awards that highlight our dedication to excellence in sustainability practices.

In this message, I would like to highlight some of our key accomplishments and the steps we are taking to ensure that we remain at the forefront of sustainability leadership.

## THE EDGE BILLION RINGGIT CLUB AWARDS


We are honored to receive The Edge Billion Ringgit Club Awards, a testament to the dedication and hard work that has fueled our growth over the past 24 years. This prestigious recognition reflects our dedication to achieving remarkable financial performance while upholding the highest standards of corporate governance and social responsibility.

Our journey to this accolade has been driven by innovative strategies, meaningful stakeholder engagement, and a relentless pursuit of sustainable growth. As we continue to advance, we are deeply committed to addressing the pressing issue of climate change. Our climate change strategy is integral to our business operations, with a strong emphasis on decarbonisation and supporting the transition to a low-carbon future. We focus on reducing our carbon footprint, delivering innovative environmental engineering solutions, and enhancing energy efficiency.

## THE EDGE MALAYSIA ESG AWARDS 2024


Kelington Group Berhad proudly emerged as a winner at The Edge Malaysia ESG Awards 2024, securing the gold award for the most improved ESG performance over three years among companies with a market capitalisation of between RM800 million and RM5 billion. This recognition underscores our unwavering commitment to sustainability and excellence in environmental, social, and governance ("ESG") practices.

One of our most significant ESG-related achievements is the launch of our carbon recovery plant in 2019. This innovative facility, driven by our commitment to reducing industrial carbon emissions and repurposing waste gases, captures carbon dioxide emissions from nearby petrochemical facilities. By capturing and repurposing carbon dioxide emissions, the plant significantly reduces the amount of greenhouse gas ("GHG") emissions released into the atmosphere, contributing to global efforts to combat climate change.

In early 2023, we expanded our services to include the design and installation of tailored GHG reduction systems for our customers. This initiative reflects our dedication to helping our clients achieve their sustainability goals.

## INVESTMENT IN CARBON CLOUD ACCOUNTING AND MANAGEMENT TOOL

We are pleased to share that we have adopted Pantas's AI-powered carbon accounting and ESG management platform — a cutting-edge tool that enhances our capabilities in measuring, tracking, and managing greenhouse gas emissions. This platform equips us with advanced digital tools to analyse our carbon footprint, gain deeper insights into our environmental impact, and implement data-driven strategies for emission reduction. By integrating carbon accounting with ESG management, this investment marks a significant step forward in our digital transformation and reinforces our commitment to achieving our sustainability goals and supporting the transition to a low-carbon future.





## ESTABLISHING A NEW BASELINE WITH DECARBONISATION STRATEGY

As part of our continuous efforts to lead in sustainability, we have established a new environmental baseline using a decarbonisation strategy. This decision was driven by the full achievement of our previous environmental targets set in FY2019, and the adoption of a new carbon accounting and ESG management tool in FY2024, which enables more accurate tracking and analysis of emissions data. It is both timely and beneficial to adopt the latest data as our new baseline, ensuring that our targets are aligned with current realities and opportunities for improvement. This strategy involves a comprehensive assessment of our carbon emissions, resource utilisation, and overall environmental impact. By establishing this new baseline, we can set more accurate and realistic targets in reducing our carbon footprint and enhancing our sustainability capability. The decarbonisation strategy will guide our efforts to achieve net-zero emissions and promote sustainable practices across our operations.

## 2024 BUDDING VALUE INVESTOR AWARD JUDGING PANEL


Our CEO, Ir. Gan Hung Keng is honored to have been included on the 2024 Budding Value Investor Award Judging Panel, a testament to our commitment to fostering future investment talent and promoting responsible investment practices. This prestigious competition, organised by Capital Dynamics and icapital.biz Berhad, showcases the brilliance of postgraduate, undergraduate, and diploma students as they delve into the world of value investing with a focus on Chinese stocks

We extend our heartfelt thanks to Capital Dynamics and icapital.biz Berhad for providing us with this opportunity. By participating in this panel, we are contributing to the development of a new generation of investors who prioritise sustainability and long-term value creation. This initiative aligns perfectly with our broader efforts to integrate ESG considerations into all aspects of our business operations and decision-making processes.

## LOOKING AHEAD

These highlights represent significant milestones in our sustainability journey. Each achievement demonstrates our unwavering commitment to integrating sustainable practices into every facet of our business. As we look to the future, we remain dedicated to driving positive environmental and social impact while delivering value to our stakeholders. Our focus on innovation, strategic investments, and robust sustainability governance will continue to propel us towards a more sustainable and resilient future.

## CLOSING

In closing, I would like to extend my heartfelt gratitude to our dedicated employees, valued partners, and supportive stakeholders. Your unwavering support and collaboration have been instrumental in our sustainability achievements. As we move forward, we invite you to join us in our mission to create a greener, more sustainable world. Together, we can make a lasting positive impact on our environment and society.

Thank you for your continued trust and support.

Sincerely,
**ONG WENG LEONG**
Chief Sustainability Officer
Kelington Group Berhad

SUSTAINABILITY STATEMENT

## VALUE CREATION PROCESS

### INPUTS

**F FINANCIAL CAPITAL**

- Shareholder's Equity RM474.4 million
- Retained Earnings RM240.8 million
- Banking Facilities approximately RM1 billion
- Revenue RM1.27 billion

**M MANUFACTURED CAPITAL**

- RM209 million worth of properties and equipment.

**I INTELLECTUAL CAPITAL**

- 25 years of industry experience.
- UHP & cleanroom protocols.
- Training Modules for technicians.
- Data, Process and Systems.

**H HUMAN CAPITAL**

- >700 employees
- RM442,000 invested in training & development.

**S SOCIAL CAPITAL**

- Shared values, norms, outlook in life.
- Universities, Government agencies & NGOs.

**N NATURAL CAPITAL**

- 59,243 $m^3$ water consumption.
- 19,682 MWh electricity consumption.
- Minerals and metals as essential components of project materials.

### VISION

To be a sustainable leading, and well-diversified high-technology Company globally

### MISSION

Cultivate Kelington as a profitable organisation that is continuously investing in new technology, delivering world-class quality services and engineering solutions to meet our customers' requirements while prioritising safety and cost-effectiveness

## VALUE CREATION PROCESS

**CARE FOR BUSINESS**

**CARE FOR ENVIRONMENT**

**CARE FOR PEOPLE**

**CARE FOR SOCIETY**

**Governance Opportunities:** Strong ESG reporting, robust anti-bribery policies, board diversity, ethical sourcing & investor confidence.

**Governance Risks:** Non compliance with rules and regulations, bribery and corruption, supply chain labour & ethics violations.

**Social Opportunities:** A diverse, skilled and engaged workforce, positive labor relations, supplier diversity, community engagement.

**Social Risks** Worker Safety & Health, Human Rights and community impact.

- Governance & Compliance
- Finance & Treasury
- Procurement & Sourcing
- HR Management & IT Support
- Safety, Health, Environment & Quality

### BUSINESS ACTIVITIES

- Technologies & Innovation
- Design & Engineering
- Manufacturing & Production
- Project Execution & Construction
- Operation & Maintenance

**Environmental Opportunities:** Green technology, resource efficiency, sustainable design, energy transition, reduces $CO_2$ emissions.

**Environmental Risks:** Climate change impacts, energy inefficiency, pollution, and waste management.

### VALUE DELIVERED TO OUR STAKEHOLDERS & THE ENVIRONMENT

**SHAREHOLDERS / INVESTORS**

- Financial performance & growth potential.
- Increased share price.
- Dividend Payment.
- Corporate Governance.
- Risk Management & Internal Control.

**ENVIRONMENT**

- Lower Carbon Emissions & Waste Reduction.
- Engineering Sustainable Solutions to minimise environmental impact.
- Value Engineering for Sustainability.

**CUSTOMERS**

- Offer customisable solutions tailored to the specific needs of semiconductor and biotechnology manufacturing facilities.
- Deliver reliable UHP gas and chemical delivery systems on schedule.
- Ensuring a reliable supply of gases tailored to meet different industrial needs.
- Construction of spherical ball tanks and terminal bulk storage tanks serves multiple industries, providing customers with storage and handling solutions for a diverse range of liquids and gases.

**EMPLOYEES**

- Competitive Compensation.
- Comprehensive Benefits & Perks.
- Flexible work arrangements.
- Career Development & Growth Opportunities.
- Health, Safety & Positive Work Environment.
- Employee Recognition & Rewards.

**BUSINESS PARTNER / EXTERNAL PROVIDERS**

- Increased innovation via collaboration and synergy.
- Fair and timely payment.
- Transparent communication and build sustain and grow partnerships.
- Continuous supply chain development.

**GOVERNMENT / REGULATORS**

- Contribute to economic growth and contribute to increased tax revenues for governments.
- Contribute to achieving national and local environmental goals.
- Compliance with regulations standards and contribute to the overall well-being of society.

**UNIVERSITIES & NGO**

- Partnering on research projects, internships, and knowledge-sharing sessions.
- Offering graduate employment opportunities.

**LOCAL COMMUNITIES**

- Engaging employees in corporate social responsibility initiatives.
- We are taking proactive initiatives to facilitate the transition to a low-carbon economy, aiming contribute to building stronger, healthier, and more resilient communities for the benefit of present and future generations.
- Promoting social justice, fair labour practices via ethical supply chain management.

**MEDIA**

- Providing accurate and relevant updates on corporate developments.
- Sharing expert opinions, trends, and analysis on key industry topics.

# SUSTAINABILITY STATEMENT

## REPORTING PERIOD AND SCOPE

This Sustainability Statement covers the non-financial performance of the Group's operating units during the period from 1 January 2024 to 31 December 2024:

**Engineering Business**

| | |
|---|---|
| **Advanced Engineering (UHP)** | |
| **Process Engineering** | |
| **General Contracting** | |

**Industrial Gases**

Manufacturing of liquid carbon dioxide and dry ice, trading of specialty gases and on-site gas supply.

Our Engineering business in Hong Kong and Germany, as well as the Industrial Gases business in Indonesia and India, are not covered in this report. These entities are in the early stages of establishing their operations. Future reports will include data from these regions as they become fully integrated into our business and reporting processes.

## REPORTING FRAMEWORK

Our sustainability performance disclosure is guided by both Malaysian and global reporting frameworks:-

**Principal Guidelines**

- Bursa Malaysia Sustainability Reporting Guidelines 3rd Edition
- International Financial Reporting Standards ("IFRS") S1 and S2 (with transitional relief)

**Supplementary Guidelines**

- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance indicators
- Global Reporting Initiative ("GRI") Standards

**Commitment**

- United Nations Sustainable Development Goals ("UNSDGs")
- United Nations Global Compact ("UNGC") Principles

## INDEPENDENT ASSURANCE PROCESS

In compliance with Paragraph 6.2, Practice Note 9 of the Main Market Listing Requirements, we acknowledge the importance of robust ESG data validation. As we continue to enhance our sustainability reporting practices, we have adopted carbon accounting tool and ESG management platform to support comprehensive ESG data collection. To further strengthen the credibility of our disclosures, we have adopted a phased approach and defined a timeline to procure independent assurance in accordance with recognised assurance standards.

In line with Chapter 10 of Bursa Malaysia Sustainability Reporting Guide, we are currently working to align our Sustainability Statement with recognised assurance best practices. We remain committed to progressively integrating assurance measures, including internal reviews and independent verification, to enhance transparency and stakeholder confidence in our sustainability reporting.

## ACCESSIBILITY & FEEDBACK

This report, which is available in HTML & PDF format is available at our corporate website at https://kelington-group.com/sustainability-2/. We welcome and value feedback on our sustainability disclosures and consider it as an opportunity to identify areas for improvement for future reports. Please direct any questions or comments to the Sustainability Working Group at ccid@kelington-group.com

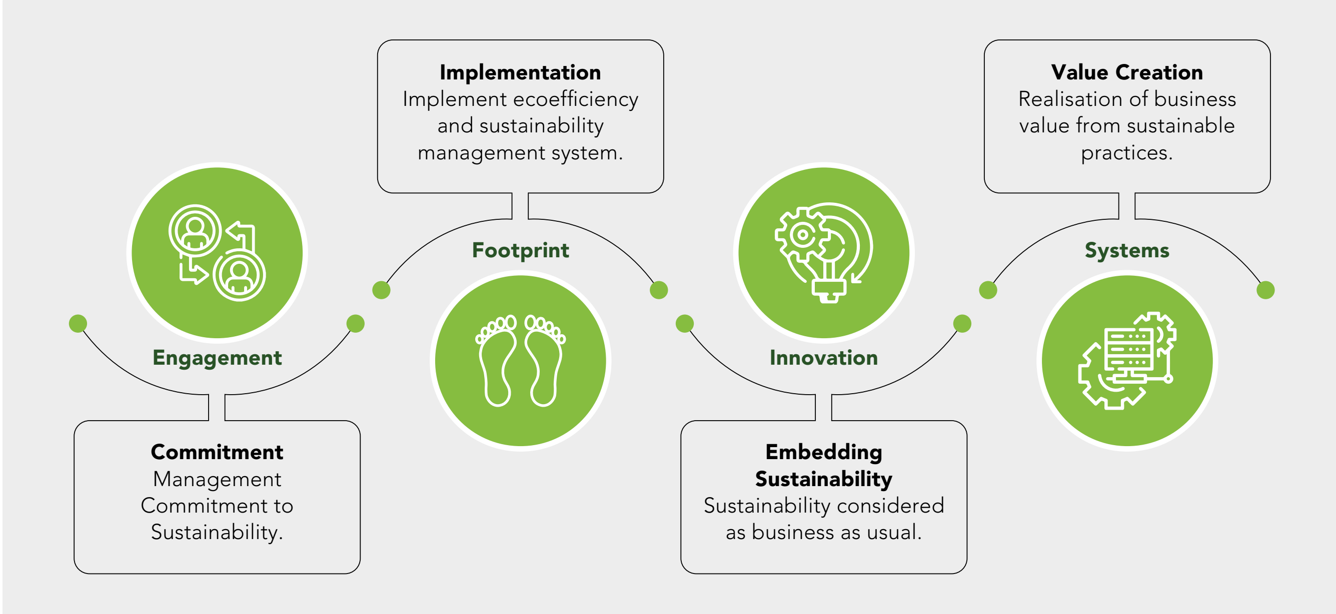


## OUR VISION FOR ENGINEERING A SUSTAINABLE SOCIETY

Kelington operates in a world facing pressing challenges, from climate change and resource depletion to social inequalities and the digital divide. Acknowledging these realities, we are committed to being part of the solution—driving innovation, responsible resource management, and promote equitable opportunities working towards building a more sustainable and inclusive future for generations to come.

## OUR APPROACH TO SUSTAINABILITY

We Engineer a sustainable society and promote well-being for all people.




## SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is integrated into our corporate governance framework. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the Risk Management Committee ("RMC").

The Board of Directors strives to continuously equip themselves with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) by attending periodic capacity-building programs. The Board also ensures that the required competencies in relation to sustainability are periodically assessed to strengthen board leadership and oversight of sustainability matters.

**Oversight**

Sustainability strategies and performance are overseen by the Group's Board of Directors ("BOD"), which provides strategic direction and governance to ensure the Group achieves long term profitability and sustainable value creation. The Board is supported by the RMC which has been delegated the responsibility of providing risk management oversight, taking into considerations of environmental, social, and governance ("ESG") factors.

In line with its mandate under the Board Charter, the RMC ensures the effective implementation of the Group's Enterprise Risk Management Framework to identify, assess, and mitigate principal risks that may impact business sustainability. The RMC also actively reviews ESG-related risks and opportunities, ensuring they are integrated into the Company's overall risk management strategy and aligned with the Group's sustainability commitments.

## SUSTAINABILITY STATEMENT

The Board discusses ESG matters at least twice a year, reinforcing its commitment to sustainability at the highest level of governance. Additionally, the RMC reviews and deliberates ESG risks and opportunities twice a year to ensure ESG factors are effectively incorporated into the Group's risk management framework.

To effectively discharge these responsibilities, the Board collectively possess diverse expertise, including corporate governance, financial management, risk assessment, regulatory compliance, HR and sustainability leadership, and industry-specific technical knowledge. Their combined competencies enable informed decision-making, proactive risk management, and the integration of ESG considerations into the Group's long-term strategic objectives.

**Strategic Management**

The Group CEO, supported by the Executive Management Committee ("EMC") and the Chief Operating Officer ("COO"), is responsible for overseeing sustainability strategy and risk management across the Group.

The EMC is tasked with managing sustainability risks and opportunities, reviewing the Group's sustainability roadmap, and ensuring that best practices are consistently upheld across the organisation. The EMC works closely with other senior leaders to align sustainability efforts with business objectives, ensuring cross-functional collaboration.

The COO, also acting as the Chief Sustainability Officer ("CSO"), leads the Sustainability Working Group and drives the integration of sustainability strategies into the Group's business plans. The CSO ensures the execution of policies, procedures, and controls related to sustainability and provides regular reports on their effectiveness.

The CSO is responsible for approving major sustainability initiatives, ensuring that all sustainability-related actions comply with established controls and risk management frameworks. Procedures are in place to assess and review the implementation of sustainability initiatives, ensuring continuous improvement.

To ensure proper integration, the CSO engages with the RMC to identify sustainability risks within the Group's broader risk profile. Additionally, the Internal Audit function supports various components of ESG by evaluating the effectiveness of sustainability-related controls and ensuring alignment with Group policies and best practices. IA also provides reasonable assurance, along with valuable insights and recommendations.

The CSO determines the relevant financial and non-financial metrics that align with the Group's operational and sustainability priorities. These metrics are used to track performance against ESG commitments as well as business objectives.

**Execution**

The Sustainability Working Group ("SWG") plays a crucial role in operationalising the Group's sustainability strategy. Comprised of middle management representatives from operating countries and business units, the SWG is responsible for:

- Identifying key ESG improvement areas and overseeing their execution.
- Establishing systems for data collection and real-time tracking to monitor sustainability performance.
- Conducting regular performance reviews to assess progress and recommend necessary adjustments.
- Developing the Sustainability Statement and reporting directly to the CSO on a quarterly basis.

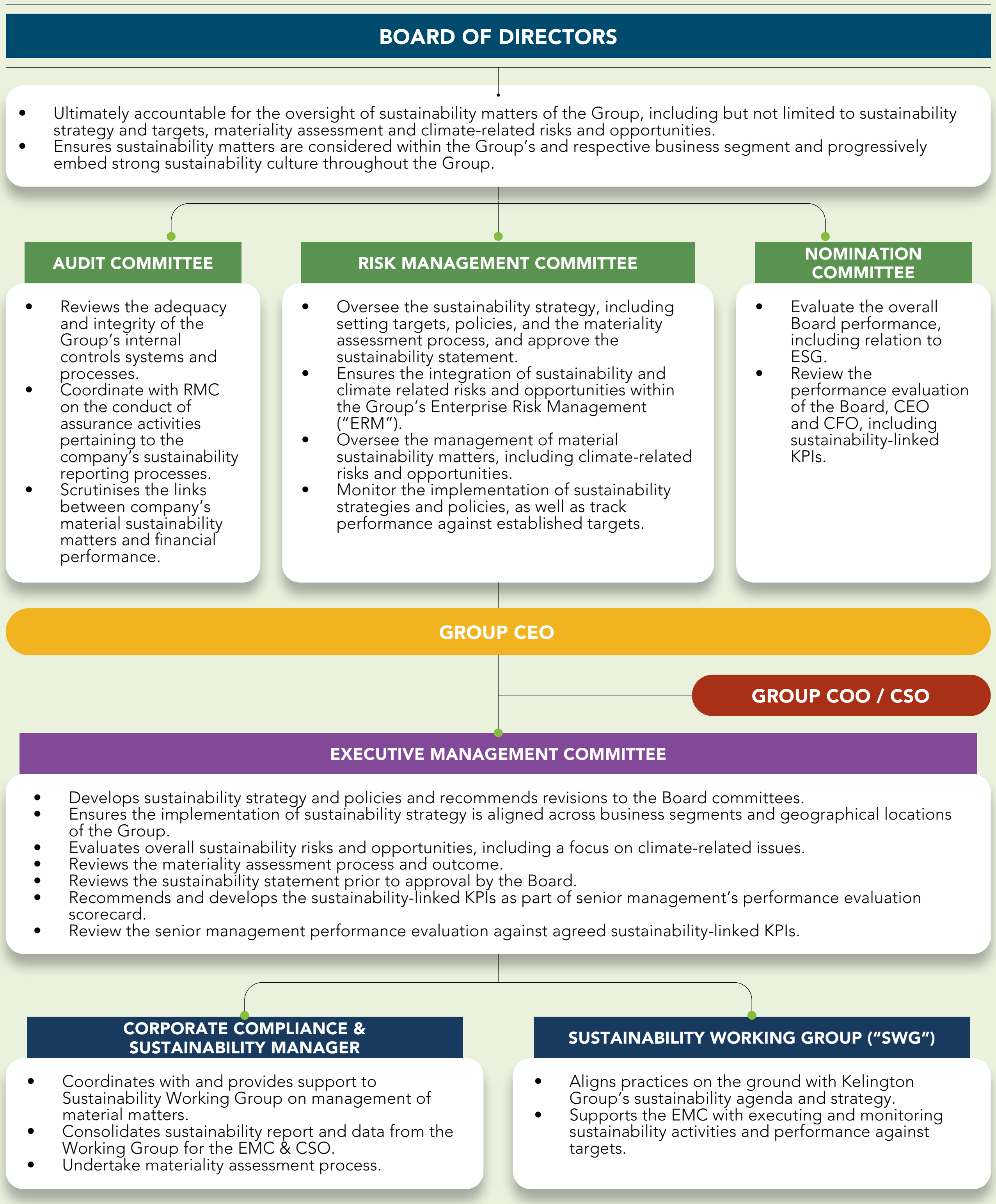
The CSO consolidates reports from the SWG and provides updates to the Board of Directors, ensuring sustainability risks and opportunities are effectively managed to support Kelington's long-term resilience and ESG commitments.

Additionally, the Heads of Business Functions play a vital role in supporting the implementation of the sustainability strategy. Their responsibilities include:

- Embedding sustainability processes and controls within their respective departments. For example, Finance & Treasury ensures the alignment of sustainability strategy with financial planning and risk management, implementing controls to monitor the financial impact of sustainability initiatives. Human Resources ensures employee engagement and training on sustainability practices, among other functions.
- Aligning day-to-day operations with the Group's sustainability goals to ensure integration across all areas.
- Reporting management targets in a timely manner to facilitate effective strategic decision-making and tracking of progress.

This structured governance ensures that sustainability is effectively integrated across all levels of the organisation, supporting Kelington's commitment to long-term value creation and ESG excellence.

SUSTAINABILITY STATEMENT




*Notes:*
*(1) The Executive Management Committee comprised C-suite executives, Managing Directors of subsidiaries and Heads of Business Units.*
*(2) The Corporate Compliance and Sustainability Manager, who leads the Corporate Compliance and Integrity Department ("CCID") under the guidance of the Group's Chief Operating Officer ("COO"), oversees all compliance-related initiatives. Working closely with the Executive Management Committee and Sustainability Working Group, the CCID ensures that our compliance efforts are thorough, strategic, and aligned with the Group's overarching corporate objectives.*
*(3) The SWG consists of country representatives and middle management from various functions, including operations, supply chain management, finance, human resources, and SHEQ, as well as subject matter experts in sustainability and regulatory compliance. This cross-functional structure enables a well-rounded approach to sustainability governance, ensuring that compliance measures are effectively integrated across all business areas.*

### Ethics & Compliance Program

Kelington Group is dedicated to fostering a strong culture of compliance and integrity at every level of the organisation. In FY2024, we conducted a compliance culture diagnosis using the Heart and Mind Matrix, gathering 309 responses from our employees, which highlighted a deep commitment to our ethics and compliance programs.

The results revealed a Mind score of 79% and a Heart score of 82%, demonstrating high levels of engagement, buy-in, and proactivity across the company. Our employees not only understand compliance policies but also actively contribute to their improvement, championing ethical behavior and encouraging peers to follow suit. This reflects a strong alignment between personal values and the organisation's compliance goals.

Our compliance initiatives aim to strengthen the management of ESG issues, raise awareness of key corporate governance matters, and ensure adherence to evolving regulatory requirements and industry standards. Areas of focus include anti-bribery and corruption, harassment and discrimination, data privacy and security, human rights, environmental sustainability, and supply chain integrity. By continuously improving our compliance programs, we uphold the highest ethical standards.

The Corporate Compliance and Integrity Department ("CCID") conducts annual assessments of the Group's integrity and compliance performance, providing detailed reports to the Risk Management Committee ("RMC") to inform strategic decision-making.

At Kelington Group, our ethics and compliance program is structured around three key pillars: Prevention, Detection, and Correction, ensuring we conduct business with integrity and accountability at all levels.

| Ethics and Compliance Program | |
|---|---|
| PREVENTION | **Commitment to Ethics**<br>Our commitment to maintaining a culture of ethical conduct is reinforced through continuous engagement with our employees and leaders. We also focus on actively collaborating with external partners to uphold and enhance our ethical standards.<br><br>**Communication & Training**<br>We prioritise ongoing communication and training to ensure our employees are equipped with the knowledge and resources to adhere to our ethics and compliance standards. |
| DETECTION | **Risks & Monitoring**<br>We proactively monitor and assess risks related to ethical conduct and compliance through rigorous processes.<br><br>**Whistleblowing Channel**<br>Our Whistleblowing Channel provides a safe, confidential platform for employees and the public to report concerns or violations, allowing us to act swiftly. |
| CORRECTION | **Consequence Management**<br>We hold individuals and legal entities accountable for any violations of our ethics and compliance policies, ensuring that consequences are enforced appropriately. |

Through these initiatives, Kelington Group demonstrates its unwavering commitment to ethics, compliance, and sustainability. By continually reinforcing our standards and holding ourselves accountable, we aim to maintain the trust and confidence of our stakeholders while driving sustainable, responsible growth.





## STAKEHOLDER ENGAGEMENT

Kelington regularly engages with its stakeholders in soliciting a wide range of inputs, perspectives and other types of feedback towards guiding its sustainability journey. Key stakeholders were identified by mapping their level of influence on and level of interest in the Company to ensure that the Group is inclusive in its approach and remains on track towards ensuring value creation for both the Group and its stakeholders.

## EMPLOYEES

Employees are the driving force behind KGB's operations. Sustaining operations relies heavily on effective leadership.

**Engagement Channels & Frequency**

- Annual Performance Appraisal Review
- Annual Staff Meeting
- Daily Toolbox meeting
- Weekly Safety & Health Committee Meeting at Sites
- Quarterly Safety & Health Communication Report
- Always welcome employees' feedback.
- Annual Dinner & Festive Celebration

**As & when required:**

- Recreational, training and employee engagement activities
- Environment, Safety & Health Campaign
- On-job training & workshops
- Internal Newsletters

**KGB's Response**

- Leadership training and personal development workshops to enable personal growth.
- Recognising and rewarding employees' contribution.
- Maintain an inclusive workplace culture that leads to more creativity and innovation.
- Regular quality, environmental, safety and health training to raise awareness on potential risks.
- Transparent compensation policies.
- Inclusive recruitment practices & zero tolerance for discrimination.
- Engage employees in quality assurance processes and provide training to ensure they meet customer expectations.

**Value Created for Stakeholders**

**For Employees:**
- Ensures a safe and healthy working environment, reducing the risk of accidents and incidents. This leads to higher employee morale, reduced absenteeism, and improved productivity.
- Fosters a diverse and inclusive workforce, which brings a variety of perspectives and ideas, enhancing creativity and problem-solving.
- Empowers employees to grow within the company, increasing their engagement and loyalty.

**For Customers:**
- Ensures that products and services meet high standards, reducing errors and enhancing customer satisfaction.

**For Investors:**
- Positions the company as a socially responsible organisation.

**For Local Communities:**
- Promotes social equity and inclusion, positively impacting the community.

**Top 5 Material Matters Concerned:**

S6 **Talent Management & Development**
- Opportunities for career enhancement.

S7 **Diverse & Inclusive Workplace**
- Sense of belonging.

S5 **Occupational Safety & Health**
- Safe & humane workplace.

S8 **Respect Human Rights**
- Fair & equitable compensation.

S13 **Quality Products & Services**
- Direct personal and professional needs.

**Capital:**

H **Human Capital:**
- Structured and disciplined work environments enhance employees' project management skills and reliability.

S **Social Capital:**
- Delivering tailored solutions strengthens partnerships and collaboration, fostering a network of loyal customers and advocates.

I **Intellectual Capital:**
- Employees' insights into customer needs enhance the company's market knowledge and strategic capabilities.

## CUSTOMERS

Kelington has a vast customer base across different geographies with a majority being multinational corporations that are committed to high standards for social, safety, health and environmental practices. We support our customers to achieve sustainable manufacturing process.

**Engagement Channels & Frequency**

**As & when required:**

- Qualification process
- Regular project meetings
- Customer Visit
- Customer Satisfaction Surveys

**KGB's Response**

- Engaging in dialogue to identify customer expectations and preferences, and pain points.
- Provide customised solutions tailored to meet the unique needs of customer.
- Prioritise quality assurance and adhering to industry standards and best practices.
- Timely delivering projects.
- Optimise cost structures to offer high-quality solutions at competitive prices.
- Implement energy-efficient and low-carbon technologies to support sustainable innovation.
- Commitment on sustainability management to meet customers' expectation.
- Implement waste reduction and recycling programs to minimise environmental impact and improve operational efficiency.
- Implement responsible sourcing practices and require suppliers to adhere to ESG standards.
- Enforce strict labor rights policies, ensuring fair wages, working hours, and safe conditions across the supply chain.

**Value Created for Stakeholders**

**For Customers:**
- Provide customers with access to technical expertise, support, and guidance throughout the project lifecycle.
- Delivering high-quality, dependable solutions and help customers minimise downtime, reduce risks, and enhance operational efficiency.
- By leveraging cutting-edge technologies, expertise, and design approaches, we integrating resilience measures into design and planning and help customers minimise risks, enhance safety, and protect investments.

**For Investors:**
- Demonstrates the company's capability to meet diverse customer needs, showcasing our flexibility and potential for market expansion.

**For Employees:**
- Enhance job satisfaction and motivation.
- Employees are empowered to think creatively and develop tailored solutions, which can be intellectually stimulating and rewarding.

**Top 5 Material Matters Concerned:**

S13 **Quality Products & Services**
- Reliability & performance.
- Cost vs. value.

S14 **Technology and Innovation**
- Cutting-edge solutions to fulfil the high expectation of semiconductor and electronics industries.
- Customisation & adaptability

S9 **Sustainable Supply Chain**
- ESG commitments & certifications.
- Carbon footprint & environmental impact.

S2 **Pollution & Waste Management**
- ESG commitments & certifications.

S8 **Respect Human Rights**
- Human rights & labor practices.

**Capital:**

F **Financial Capital:**
- Satisfied customers boosting market share and profitability.

H **Human Capital:**
- Employees gain insights into customer needs, enhancing their skills and knowledge, making them more valuable assets to the company.

S **Social Capital:**
- Consistent quality builds brand reputation and customer trust, enhancing the company's social standing.
- Developing climate change solutions meets customer needs while promoting environmental stewardship, enhancing the company's green credentials.

## SHAREHOLDERS / INVESTORS, ANALYSTS / BANKERS

Investors and bankers investing in the Group's business and we have obligations rooted in the principles of transparency, accountability, and fiduciary duty.

**Engagement Channels & Frequency**

- Annual General Meeting
- Annual Report
- Quarterly Analyst Briefing

**As & when required:**

- Company announcements and press released
- Updated investor relations webpage
- Social media platform
- Stakeholders Engagement Survey

**KGB's Response**

- Ensure full compliance with environmental laws and regulations to avoid penalties and protect the company's reputation.
- Implement waste reduction and recycling programs to minimise environmental impact and improve operational efficiency.
- Set emission reduction targets and integrate ESG initiatives into operations.
- Adhere to strict occupational safety standards to ensure a safe workplace.
- Conduct regular safety training and risk assessments to mitigate workplace hazards.
- Maintain transparency in reporting OSH performance and incident management.
- Expand into new markets and diversify revenue streams to drive economic growth.
- Reward shareholders according to the dividend policy.
- Implement robust corporate governance practices to ensure transparency and accountability.
- Strengthen crisis preparedness and business continuity planning to mitigate potential risks.
- Innovate and diversify product & service offerings to maintain a competitive edge and expand into new markets.

**Value Created for Stakeholders**

**For Investors:**
- Ensures long-term growth and market relevance.
- Reduces financial and regulatory risks, enhancing ESG ratings.
- Reduces legal liabilities and operational disruptions.
- Builds trust, reduces risks, and ensures business resilience.
- Delivers sustainable financial returns and business growth.

**For Local Communities:**
- Supports environmental sustainability and public health.

**For Employees:**
- Enhances workplace safety, morale, and productivity.

**For Contractors & Suppliers:**
- Creates opportunities for business expansion.

**Top 5 Material Matters Concerned:**

S2 **Pollution & Waste Management**
- Regulatory & compliance risks.
- Reputation & ESG performance.

S5 **Occupational Safety & Health**
- Regulatory compliance & legal risks.
- Reputation & ESG performance.

S12 **Economic Growth & Profitability**
- Market expansion & revenue growth.

S11 **Governance & Ethics**
- Financial & Operational Risks.
- Crisis preparedness & business continuity.

S14 **Technology & Innovation**
- Competitive advantage & market leadership.

**Capital:**

- Direct contribute to F finance capital via investment/bank facilities.
- Indirectly contribute to the acquisition and development of M manufactured capital and I intellectual capital.
- Contribute to S social capital by supporting long term sustainable growth and value creation.

# CONTRACTORS, INDUSTRY PARTNERS AND SUPPLIERS

We build partnerships and leverage external expertise, resources and capabilities to deliver high quality solutions on time and within budget.

### Engagement Channels & Frequency

- Annual Suppliers and Sub-Contractors Evaluation

**As & when required:**

- Communication of Kelington's Expectations
- Vendors Due Diligence Questionnaire

### KGB's Response

- Strive to be transparent when dealing with subcontractors and supplier.
- Fair tender practice and ensure transparent procurement process.
- Setting realistic expectations regarding project deliverables, timelines and performance standards.
- Proactively identify and mitigate risked associated with vendors including potential delays, cost overruns and quality issues.
- Monitor performance via annual vendor evaluation.
- Develop comprehensive safety training programs, regular safety audits, and provide personal protective equipment to ensure a safe working environment.
- Implement and maintain ISO 9001 quality management systems.
- Implement ISO 14001 to manage environmental impact and ensure compliance with regulations.
- Communicate Kelington's Code of Ethics and Conduct and Company Policies.
- Ensure fair labor practices, including non-discrimination, fair wages, and reasonable working hours.

### Value Created for Stakeholders

**For Contractors, Industry Partners and Suppliers:**
- Provide business opportunities which in turn generates revenue for them.
- Leverage expertise to improve products and services, fostering innovation and mutually beneficial advancements.

**For Local Communities:**
- Promote social responsibility through fair labor standards, environmental sustainability, and community involvement, contributing to overall societal well-being.

**Top 5 Material Matters Concerned:**

S11 **Governance & Ethics**
- Positive business environment.

S5 **Occupational Safety & Health**
- Safe & humane workplace.

S13 **Quality Products & Services**
- Ensuring customer satisfaction.

S2 **Pollution & Waste Management**
- Environmental compliance.

S8 **Respect Human Rights**
- Social compliance.

**Capital:**

M **Manufactured Capital:**
- Ensure a steady supply of essential inputs for production.
- Supply labour, provide production equipment & machinery, enhance manufacturing capabilities and operational efficiency.

I **Intellectual Capital:**
- Provide access to innovative technologies. enable KGB to integrate cutting-edge solutions into its operations.
- Foster continuous learning and improvement through collaborative expertise.

F **Financial Capital:**
- Provide trade credit and improve cash flow management and financial stability for KGB.





# GOVERNMENTS / REGULATORS

Governmental bodies regulate day-to-day business activities of Kelington and we are committed to adhering to all relevant local, national, and international laws and regulations.

### Engagement Channels & Frequency

**As & when required:**

- Submission of statutory documents such as financial reports, tax filings, permits and licenses

### KGB's Response

- Implement carbon reduction strategies aligned with national and global climate commitments.
- Develop and promote sustainable products and services that help customers reduce their own environmental impact.
- Implement anti-bribery and anti-corruption measures, ensuring compliance with legal frameworks.
- Maintain clear and timely disclosures on financial and non-financial performance.
- Ensure full compliance with environmental regulations to prevent pollution and protect public health.
- Enforce strict policies against forced labor, child labor, and workplace discrimination.
- Ensure compliance with local and international workplace safety standards.

### Value Created for Stakeholders

**For Governments / Regulators:**
- Supports national climate policies, enhancing environmental sustainability.
- Promotes regulatory compliance and ethical corporate behavior.
- Supports environmental policies and public health initiatives.
- Reduces workplace injuries, contributing to national productivity.
- Strengthens national labor laws and global trade credibility.

**For Customers:**
- Customers benefit from sustainable products and services that help them contribute to a healthier planet, enhancing their environmental responsibility.

**For Investors:**
- Demonstrates the company's commitment to sustainability and compliance, increasing its attractiveness to investors who prioritise responsible, long-term growth.

**Top 5 Material Matters Concerned:**

S1 **Preventing Climate Change**
- National carbon reduction targets and net-zero commitments.
- Corporate accountability for greenhouse gas ("GHG") emissions and sustainability initiatives.

S11 **Governance & Ethics**
- Corporate transparency, anti-corruption, and compliance with regulations.

S2 **Pollution & Waste Management**
- Public health & safety.

S8 **Respect Human Rights**
- Prevention of forced labor, child labor, and discrimination in workplaces.
- Protection of workers' rights, including fair wages, freedom of association, and safe working conditions.

S5 **Occupational Safety & Health**
- Compliance with workplace safety laws and labor rights regulations.

**Capital:**

S **Social Capital:**
- Ensures fair working conditions, contributing to social stability and workforce development.

N **Environment Capital:**
- Ensures long-term environmental sustainability by safeguarding ecosystems and reducing environmental harm.

I **Intellectual Capital:**
- Fosters innovation and knowledge-sharing by supporting educational initiatives and research and development efforts.

## LOCAL COMMUNITIES

KGB is dedicated to actively fostering social economic development through sustainable practices, job creation, and community engagement initiatives.

**Engagement Channels & Frequency**

**As & when required:**

- Community Investment Programme
- Local employment and internship opportunities

**KGB's Response**

- Implement strict environmental management systems to minimise pollution.
- Provide ongoing OSH training and safety equipment for employees and contractors.
- Provide medical benefits to employees and their immediate family members, ensuring access to quality healthcare for overall well-being.
- Provide engineer solutions to reduce environmental impact.
- Support local education and healthcare projects.
- Implement policies ensuring fair treatment and diversity in hiring.

**Value Created for Stakeholders**

**For Local Communities:**

- Provides employment opportunities, enhancing the financial stability of individuals and families within the community.
- Improves skills and capabilities of the community workforce, contributing to long-term social and economic development.
- Supports local communities by investing in initiatives that address social and environmental challenges.
- Enhances the overall health of the community by promoting well-being through wellness programs for employees and their families.
- Contributes to local economic development by generating revenue, paying taxes, and supporting other local businesses through procurement and partnerships.
- Ensures sustainable practices that reduce environmental damage and preserve natural resources for future generations.

**Top 5 Material Matters Concerned:**

S2 **Pollution & Waste Management**
- Preventing harm to air, water and soil quality.

S5 **Occupational Safety & Health**
- Safe working conditions for local workers.

S1 **Preventing Climate Change**
- Impacts of climate change.

S10 **Community Investment**
- Investing in community

S8 **Respect Human Rights**
- Non-discrimination and equal opportunities.

**Capital:**

F **Financial Capital**
from retail investor.

H **Human Capital:**
- The local workforce's skills and expertise contribute to KGB's success in the community, fostering business growth and development.

S **Social Capital:**
- Building relationships and partnerships within the community provides KGB with critical resources, support, and networking opportunities.

N **Natural Capital:**
- KGB relies on natural resources and environmental assets, ensuring sustainable practices that support business operations while minimising environmental impact.

## UNIVERSITIES AND NON-GOVERNMENTAL ORGANISATIONS

Universities provide research expertise and talent development, while NGOs connect KGB with stakeholders, offering valuable insights to enhance our social and environmental initiatives.

**Engagement Channels & Frequency**

**As & when required:**

- Discussion on collaboration and partnership
- Support campaign of environmental sustainability
- Donations and sponsorships

**KGB's Response**

- Offer structured programs for students to gain hands-on experience in engineering and sustainability.
- In progress: Integrating climate risk assessment into financial reporting to enhance stakeholders' confidence.
- Work with researchers to enhance semiconductor and industrial gas solutions, integrating ESG-friendly practices.
- Making public statement on sustainable development and climate change.
- Implement recycling programs and waste reduction strategies.
- Set sustainability standards in the supply chain, ensuring alignment with ESG principles
- Partner with NGOs to fund projects that directly improve the livelihoods of the communities

**Value Created for Stakeholders**

**For Employees**
- Enhances job readiness, career growth, and productivity by equipping future talent with industry-relevant skills.

**For Investors**
- Drives innovation, ensuring long-term sustainable growth and market competitiveness.
- Enhances transparency in ESG performance, reducing financial risk and ensuring regulatory compliance.

**For Contractors, Industry Partners and Suppliers:**
- Strengthens industry collaboration, fostering knowledge sharing and technological advancements.

**For Local Communities:**
- Supports education, healthcare, and social programs, enhancing overall well-being.

**All Stakeholders:**
- Encourages long-term partnerships, driving collective success and shared value creation.

**Top 5 Material Matters Concerned:**

S6 **Talent Management & Development**
- Internship programs, industry training, and skill-building initiatives for students.

S1 **Preventing Climate Change**
- Environmental conservation and climate action.

S14 **Technology & Innovation**
- Collaboration on cutting-edge technologies, sustainable engineering, and process improvements.

S2 **Pollution & Waste Management**
- Environmental protection, public health, and sustainable development.

S10 **Community Investment**
- Improve social, economic, and environmental conditions.

**Capital:**

H **Wealth of human capital:**
- The skills, expertise, and capabilities of employees contribute to organisational success and growth.

S **Social Capital:**
- Extensive networks and relationships with diverse stakeholders enhance the company's ability to leverage resources, knowledge, and opportunities.

I **Intellectual Capital:**
- Innovation-driven activities address social, environmental, and economic challenges, strengthening the company's knowledge base and market competitiveness.

## MEDIA

The Media has great influence over the public perception of the Group.

**Engagement Channels & Frequency**

- Quarterly press released on financial results.

**As & when required:**

- Interviews
- Media inquiries

**KGB's Response**

- Providing access to key executives and spokespersons and ensure that accurate and balanced information is conveyed to the public.
- Transparent and open in communication.
- Conduct human rights due diligence to ensure that suppliers and partners comply with these policies and regularly audit operations.
- Track and report on workplace incidents and take swift action to address any safety violations.
- Commit to regulatory compliance and report on environmental impacts.
- Leverage social media platforms to engage with the media and the public, share news and updates.

**Value Created for Stakeholders**

**For Shareholders and Investors:**
- Strong governance practices ensure long-term profitability and risk mitigation.

**For Customers:**
- Ethical governance ensures Kelington delivers on its promises, providing customers with trust in the products or services offered.

**For Employees:**
- Providing a safe and inclusive working environment where human rights are respected improves employee retention and satisfaction.

**For the Environment:**
- Effective waste management and pollution reduction practices help minimise environmental degradation, contributing to healthier ecosystems and sustainable resource use.

**For Local Communities:**
- We address climate change through sustainable practices help build resilience in communities.

**Top 5 Material Matters Concerned:**

S11 **Governance & Ethics**
- Corporate accountability, transparency, and leadership integrity.

S8 **Respect Human Rights**
- Workers' rights, consumer protection, and community impacts.

S5 **Occupational Safety & Health**
- Accidents, labor strikes, or violations of safety standards.

S2 **Pollution & Waste Management**
- Public health and ecological impacts.

S12 **Economic Growth & Profitability**
- Corporate success/ quarterly results.

**Capital:**

F **Financial Capital**

- Strengthened brand recognition leads to increased market demand, attracts new customers, and boosts investor confidence, driving business growth.
- Positive media exposure enhances the company's reputation, attracting investment capital and solidifying its position as a trusted, high-potential opportunity in the market.





## MATERIAL MATTERS

The materiality assessment helps the Group in identifying, refining and focusing on the areas of importance to our business and stakeholders, thereby helping to create values over the short, medium and long term for Kelington.

While we aim to conduct a comprehensive materiality assessment once every 3 years, we undertake an annual review of the relevance of our previously prioritised economic, environment, social and governance impacts arising from our day-to-day activities. The annual process for determining material sustainability topics involves three steps: identification, prioritisation and validation.

In FY2024, a limited scale materiality assessment was conducted, involving both our key internal and external stakeholders to ensure their interests and concerns are addressed. This assessment concluded that all our existing 14 material matters are aligned with Kelington's strategic priorities and stakeholder expectations. These were also benchmarked against our local and regional peers, and considered emerging risks and relevant frameworks, including Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), GRI Standards, and SASB Standards.

The outcome of the process was reviewed by the Executive Management Committee and approved by the Executive Director.

**FY2018**
- Conducted our first full material assessment with internal stakeholders and key external stakeholder groups using a rating approach.
- Resulted in identifying 13 relevant material sustainability matters. The top 4 most material sustainability matters were workers' safety & health; business growth; risk management; and quality products & services.

**FY2020**
- Reviewed FY2019 materiality matrix and revised to encompass a total of 19 material issues.
- The top 6 most material topics were safety & health; economic growth & profitability; quality products & services; risk management; skilled workforce; and asset integrity & reliability.

**FY2021**
- Focus external stakeholder groups and review FY2020 materiality matrix. Revised materiality matrix to encompass a total of 14 material issues with 8 material topics being prioritised.

**FY2022**
- Continue to manage the 14 material issues with 8 material topics being prioritised.

**FY2023**
- Reviewed our material matters, taking into consideration the following factors in view of the current operating environment: Operational Impact; Regulatory and legal compliance; Reputation; Stakeholder expectations and ESG considerations.
- Continue to prioritise the 14 material issues.

**FY2024**
- While the material matters remain unchanged, the overall ranking for all topics has been adjusted based on the results of the stakeholders' engagement survey and an internal assessment exercise. The materiality review exercise revealed a shift in stakeholder priorities, with pollution and waste management gaining greater significance due to the heightened focus on climate action. Additionally, the sustainability topic previously named "Technology and Operational Innovation" has been refined to "Technology and Innovation" for better clarity.
- Out of the 14 sustainability matters identified, the company has prioritised 10 key sustainability matters that are most critical to its operations and stakeholders. The updated materiality matrix, along with the materiality assessment process, has been reviewed by the Risk Management Committee and endorsed by the Board of Directors.

Looking ahead, Kelington is committed to enhancing its sustainability practices by conducting a financial materiality assessment in FY2025. This assessment will focus on identifying and evaluating the most significant financial impacts and risks that may affect Kelington's financial performance and long-term value creation. By concentrating on financial materiality, Kelington aims to strengthen its sustainability strategy, align with evolving stakeholder expectations and regulatory standards, and ensure resilience in a rapidly changing global landscape.

## MATERIALITY MATRIX 2024


| We manage Sustainability Issues | |
|---|---|
| S1 Preventing Climate Change | S8 Respect Human Rights |
| S2 Pollution and Waste Management | S9 Sustainable Supply Chain |
| S3 Resources Management | S10 Community Investment |
| S4 Support Biodiversity | S11 Governance & Ethics |
| S5 Occupational Safety & Health | S12 Economic Growth & Profitability |
| S6 Talent Management & Development | S13 Quality Products & Services |
| S7 Diverse and Inclusive Workplace | S14 Technology & Innovation |





## SUSTAINABILITY PERFORMANCE INDICATORS

| Key Indicator | Unit of measure | FY2022 | FY2023 | FY2024 (new baseline) | Target 2030 |
|---|---|---|---|---|---|
| **Environmental Performance** | | | | | |
| Carbon Emissions (Scope 1 & 2) | $tCO_2e$ | 14,177 | 16,302 | 19,068 | 10% reduction |
| Carbon Emissions (Scope 3) | $tCO_2e$ | 33,605 | 24,137 | 94,285.59 | 10% reduction (Target 2035) |
| Renewable Energy Use | % | 0 | 0 | 0 | 30% (Target 2035) |
| Recycling Rate | % | 8.5 | 11.1 | 66 | 30% |
| Total energy consumption | mWh | 12,886.6 | 16,328.9 | 19,681.8 | N/A |
| Total volume of water used | $m^3$ | 31,241 | 76,813 | 59,243 | N/A |
| **Social Performance** | | | | | |
| Total recordable incident frequency rate ("TRIFR") | Number of recordable injuries per 200,000 hours worked | 0.15 | 0.14 | 0 | YoY improvement |
| Work-related fatality | unit | Zero | Zero | Zero | Zero |
| Lost Time Incident Rate ("LTIR") | LTI per 200,000 hours worked | 0 | 0.09 | 0 | Zero |
| Board of Director - Female | % | 20% | 20% | 30% | 30% |
| Overall Workforce [Executive level & above]. - Female | % | 27% | 28.6% | 34.4% | 30% |
| Training hours per employee | hours | 15.1 | 15.5 | 14.8 | 20 |
| Incident of unfair employment practices or violation of labour laws | unit | Zero | Zero | Zero | Zero |
| Number of substantiated complaints concerning human rights violations | unit | Zero | Zero | Zero | Zero |
| Total investments in community programs | MYR | 44,000 | 125,135 | 32,219 | N/A |
| **Governance & Ethical Performance** | | | | | |
| Employees Trained in Ethics | % | 100% | 100% | 100% | 100% |
| Case of non-compliance of laws and regulations against act of corruption. | unit | Zero | Zero | Zero | Zero |
| Incident of Material Data Loss or Data Breach | unit | Zero | Zero | Zero | Zero |
| Local Sourcing Rate | % | 90% | 82.6% | 88.3% | 80% |
| Operations reviewed annually for corruption risks / undergoing full corruption risk assessment | % | Nil | 100% | 100% | 100% |
| Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | unit | Zero | Zero | Zero | Zero |
| Customer Satisfaction Rate | % | 91% | 88% | 92% | ≥90% |

## GOALS AND TARGETS

We are dedicated to embedding sustainability into every aspect of our operations. Our future sustainability goals and targets are designed to ensure we continue to create value for our stakeholders while minimising our environmental footprint and fostering social well-being. Setting clear and ambitious sustainability goals is crucial for guiding our strategic actions and measuring our progress towards a more sustainable future.

Our sustainability goals focus on value creation and managing impacts. Each goal is crafted to align with our vision and mission, as well as the United Nations Sustainable Development Goals ("UNSDGs"), ensuring that we grow responsibly and sustainably.

| Category | Goal | Strategic Plans | Alignment with SDGs |
|---|---|---|---|
| **Value Creation:**<br>S12<br>Economic Growth & Profitability | To continue generating and distributing economic value to stakeholders by sustaining a resilient financial performance | • Strengthen financial management.<br>• Diversify revenue streams.<br>• Enhance cost efficiency.<br>*Please refer to, Page 111 of this report* | 8 DECENT WORK AND ECONOMIC GROWTH |
| **Value Creation:**<br>S6<br>Talent Management & Development | Develop and retain top talent to drive innovation and growth. | • Implement continuous learning and development programs.<br>• Foster an inclusive and diverse workplace.<br>• Enhance employee engagement and satisfaction.<br>*Please refer to, Page 90 of this report* | 8 DECENT WORK AND ECONOMIC GROWTH |
| **Value Creation:**<br>S13<br>Quality Products & Services | Delivering world class quality services to meet our customers' requirements. | • Leverage specialised engineering expertise.<br>• Develop innovative technologies to mitigate and adapt to climate change challenges.<br>• Maintain robust quality assurance processes.<br>*Please refer to, Page 112 of this report* | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| **Value Creation:**<br>S7<br>Diverse & Inclusive Workplace | Ensure women's full and effective participation and equal opportunities for leadership. | • Inclusive Recruitment and Promotion Practices.<br>• Establish and monitor specific targets for female representation at all levels of the organisation, including leadership positions.<br>*Please refer to, Page 98 of this report* | 5 GENDER EQUALITY |





SUSTAINABILITY STATEMENT

| Category | Goal | Strategic Plans | Alignment with SDGs |
|---|---|---|---|
| **Value Creation:**<br>S10<br>Community Investment | Implement programme to improve access to education for underprivileged. | • Engaged in NGO events and provided support to underprivileged students.<br>*Please refer to, Page 117 of this report* | 4 QUALITY EDUCATION |
| **Managing Impacts:**<br>S1<br>Preventing Climate Change | Achieve a significant reduction in carbon emissions and support our customers to achieve sustainable manufacturing process and mitigate climate change. | • Establish and implement decarbonisation strategies.<br>• Consider climate risks from the way we design and construct new projects to closure and beyond.<br>• Engineer solutions to reduce environmental impact<br>*Please refer to, Page 47 of this report* | 13 CLIMATE ACTION |
| **Managing Impacts:**<br>S5<br>Occupational Safety & Health | Maintain zero work related fatalities. | • Implement stringent safety protocols and training programs in accordance with the ISO 45001 management system.<br>• Regularly audit and review safety practices to ensure compliance and continuous improvement.<br>• Promote a safety-first culture throughout the organisation.<br>*Please refer to, Page 78 of this report* | 8 DECENT WORK AND ECONOMIC GROWTH |
| **Managing Impacts:**<br>S2<br>Pollution and Waste Management | Reduce pollution and manage waste effectively. | • Proactively mitigate pollution risks through rigorous monitoring initiatives.<br>• Carbon capture and utilisation processes.<br>• Implement solid waste segregation practices.<br>*Please refer to, Page 66 of this report* | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Managing Impacts:**<br>S3<br>Resources Management | Efficiently manage resources to minimise environmental impact. | • Optimise energy and water usage.<br>• Aim to increase the usage of clean energy.<br>*Please refer to, Page 71 of this report* | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |

## SUSTAINABILITY FRAMEWORK

### OUR ESG VISION

We strive to contribute and be part of the solution in building a sustainable society for future generations.

1. Care for Business
2. Care for Environment
3. Care for People
4. Care for Society

### OUR COMMITMENTS TO SUSTAINABILITY

| Care for Business | Care for Environment | Care for People | Care for Society |
|---|---|---|---|
| We are dedicated to driving innovation and delivering cutting-edge engineering solutions that enhance operational efficiency and sustainability for our clients. By focusing on continuous improvement and ethical practices, we aim to lead the industry in sustainable engineering. | We commit to minimising our environmental footprint through responsible resource management, reducing emissions, and protecting natural ecosystems. Our efforts support global environmental sustainability and align with our goal of achieving net zero emissions by 2050. | We prioritise the well-being, development, and diversity of our employees. By creating a safe, inclusive, and empowering workplace, we aim to nurture talent and promote equal opportunities for all, contributing to overall human development and prosperity. | We strive to make a positive impact on the communities we serve by supporting education, health, and social initiatives.<br><br>Through active engagement and partnerships, we aim to enhance the quality of life and foster social equity, supporting the broader goals of sustainable development. |

### VALUE CREATION

| Care for Business | Care for Environment | Care for People | Care for Society |
|---|---|---|---|
| **Value Engineering through Innovation and Collaboration:** We drive sustainable solutions by fostering innovation and collaborating closely with our partners.<br><br>**Effective, Accountable, and Transparent Organisation:** We maintain high standards of ethics and transparency, ensuring accountability in all our operations. | **Committing to Reduce Carbon Emissions:** We are dedicated to reducing our carbon footprint and helping our clients achieve their environmental goals through advanced engineering solutions. | **Building a Thriving Workplace for Employees:** We prioritise the well-being, growth, and inclusion of our employees, creating a safe and empowering work environment. | **Empowering Communities and Protecting Our Planet:** We support educational initiatives that provide opportunities for underprivileged communities, fostering social equity.<br><br>We are committed to sustainable practices and the implementation of robust climate change strategies to protect our planet. |

**We manage sustainability matters**

| | | | |
|---|---|---|---|
| S9 S11 S12 S13 S14 | S1 S2 S3 S4 | S5 S6 S7 S8 | S10 |

### SUPPORTING UNSDGs

| | | | |
|---|---|---|---|
| 8, 9, 12, 16 | 13 | 5, 8 | 4 |





### ALIGNMENT WITH UNITED NATIONS GLOBAL COMPACT

| Principles 1, 9, 10 | Principles 7, 8, 9 | Principles 2, 3, 4, 5, 6 | Principle 1 |
|---|---|---|---|
| **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.<br><br>**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.<br><br>**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery. | **Principle 7:** Businesses should support a precautionary approach to environmental challenges.<br><br>**Principle 8:** Undertake initiatives to promote greater environmental responsibility.<br><br>**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies. | **Principle 2**: Make sure that they are not complicit in human rights abuses.<br><br>**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.<br><br>**Principle 4:** Eliminate all forms of forced and compulsory labor.<br><br>**Principle 5:** Abolish child labor.<br><br>**Principle 6:** Eliminate discrimination in respect of employment and occupation. | **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights. |

**Policies and Standards available online**

| | | | |
|---|---|---|---|
| • Responsible Supply Chain Policy.<br>• Code of Ethics & Conduct.<br>• Anti-Bribery & Corruption Policy.<br>• Conflict of Interest Policy.<br>• Whistleblowing Policy.<br>• Risk Management Policy.<br>• Corporate Disclosure Policy.<br>• Shareholder's Right.<br>• Quality Policy. | • Sustainable Development & Climate Change Position Statement.<br>• Environmental Policy. | • Safety & Health Policy.<br>• Diversity, Equity and Inclusion Policy.<br>• Human Rights Policy.<br>• Board Diversity Policy. | • Community Investment Policy. |

**Principal risks that have key links to the sustainability issues**

| | | | |
|---|---|---|---|
| • Legal and reputational risks.<br>• Ethical misconduct.<br>• Compliance risks.<br>• Operational risks.<br>• External risks.<br>• Contractual risks.<br>• Cybersecurity threats.<br>• Data security and data breach. | • Climate related risk and financial impact.<br>• Physical and transition risks.<br>• Compliance risk.<br>• Pollution and contamination.<br>• Natural resources scarcity.<br>• Production inefficiency and financial impact.<br>• Loss of ecosystem and resouce availability. | • Accident & injuries.<br>• Legal and reputational risk.<br>• Skills gap and difficult to adapt to market changes and technological advancements.<br>• Ineffective leadership and management practices.<br>• Changes in customer perception and / or preferences.<br>• Poor labor relations and inadequate human capital management. | • Talent risk. |

**Opportunities that have key links to the sustainability issues**

| | | | |
|---|---|---|---|
| • Enhance supply chain resilience.<br>• Strengthen operational stability.<br>• Pursue long-term sustainability.<br>• Build stakeholders' trust.<br>• Increase customer satisfaction and loyalty.<br>• Achieve market differentiation. | • Green Revenue.<br>• Align with global trends and evolving customer preferences.<br>• Increase corporate value with innovative technology.<br>• Supplying carbon credit or RECs (Renewable Energy Certificate).<br>• Cost savings and operational efficiency.<br>• Investment in renewable energy.<br>• Corporate reputation. | • Enhance workplace safety, reduce accident costs / insurance premium.<br>• Customer preferences & global competitiveness.<br>• Attraction top talent and prepares high-potential employees for leadership roles.<br>• Ethical supply chain.<br>• Enhanced organisational culture. | • Talent pool expansion.<br>• Enhanced corporate culture & brand image. |

## SUSTAINABILITY STATEMENT

1. Care for Business
2. Care for Environment
3. Care for People
4. Care for Society

### NON–FINANCIAL TARGETS

**Care for Business**

- Achieve **80%** Local Sourcing
- Achieve **90%** Customer Satisfaction
- Ensure **100%** Key External Providers Trained on Kelington's Expectations.
- **Zero** Incidents of Corruption and Bribery.
- Ensure **100%** Employee trained on ethics.
- **Zero** material data loss or data breach Incidents annually.

**Care for Environment**

- Reduce Scope 1 and 2 absolute GHG emissions by **10%** (Baseline 2024) by 2030.
- Achieve **Net Zero** Scope 1 and 2 emissions by 2050.
- Reduce Scope 3 net emissions by **10%** (Baseline 2024) by 2035.
- Increase renewable energy usage to **100%** of total energy consumption by year 2045.
- Achieve **30%** Recycling Rate by 2030
- Achieve **30%** Green Revenue by 2030.

**Care for People**

- Maintain **Zero** work related fatalities.
- Maintain **Zero** incidents of violations of labour laws / unfair employment Practices.
- Maintain at least **30%** female representation within the organisation.
- Maintain **30%** female directors on Board.
- Ensure an average of **20** training hours per employee per year by 2030.
- Maintain at least **85%** Employee Satisfaction Rate.

**Care for Society**

- By 2030, ensure access to quality education for at least **100** disadvantaged youth through scholarships, mentorship programs, and partnerships with educational institutions.





## Care for Environment

13 CLIMATE ACTION

# "We Engineer Solutions to reduce environmental impact"

**IR. RAYMOND GAN**
Chief Executive Officer

We Care for Environment

At Kelington, we empower our customers to achieve their decarbonisation goals by implementing low-carbon technologies that reduce emissions and enhance resource efficiency. Through tailored engineering solutions, we collaborate closely to identify opportunities for carbon reduction, optimise processes, and integrate sustainable practices across operations. Our approach not only minimises environmental impact but also drives long-term value, enabling customers to transition toward a low-carbon future.

### Alignment of Decarbonisation Strategy with Climate Change Strategy

## KELINGTON'S BOLD STEPS TOWARDS A SUSTAINABLE FUTURE: ADDRESSING CLIMATE CHANGE

Kelington recognises the urgent need to address climate change and is committed to reducing carbon emissions through a structured decarbonisation strategy. Our approach integrates sustainable engineering solutions, enhances operational efficiency, and fosters stakeholder collaboration to minimise environmental impact while driving business value.

This decarbonisation strategy aligns with our broader climate action efforts, ensuring that every aspects of our operations contribute to a low-carbon future. Below is a breakdown of how both strategies align:

### 1 IMPLEMENT VALUE ENGINEERING FOR SUSTAINABILITY

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Integrate sustainability principles into the value engineering process to optimise resource efficiency and minimise environmental impact. | Applying value engineering in design to optimise systems and processes, reducing carbon footprints while maintaining cost efficiency and performance. |

### 2 DEVELOP ENGINEERING SOLUTIONS TO MINIMISE ENVIRONMENTAL IMPACT

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Designs solutions to mitigate adverse environmental effects. | Implements low-carbon technologies to reduce emissions and enhance resource efficiency. |

### 3 MEASURE AND ANALYSE GREENHOUSE GAS ("GHG") EMISSIONS

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Establishes a data-driven approach for emission reduction targets. | Tracks and reports GHG emissions, identifying reduction opportunities and implementing mitigation strategies. |

### 4 ENHANCE ENERGY EFFICIENCY

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Supports global efforts to reduce reliance on fossil fuels. | Invest in renewable energy technologies and energy-efficient operational practices to optimise energy use, reduce emissions, and lower carbon footprint. |

### 5 MINIMISE WASTE GENERATION

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Supports a circular economy to reduce environmental degradation. | Implements waste management strategies, including recycling, reuse, and sustainable disposal, to minimise landfill emissions. |

### 6 RAISE AWARENESS OF THE URGENT NEED TO ADDRESS CLIMATE CHANGE

| Climate Change Link | Decarbonisation Impact |
|---|---|
| Ensures that all stakeholders understand their role in climate mitigation. | Engages employees and partners in sustainability initiatives, fostering a culture of environmental responsibility. |





## S1 PREVENTING CLIMATE CHANGE

### Tackling Climate Change

At Kelington, we want to be part of the solution to help address the climate change. Our aim is to ensure our business, and those in our supply chain, continue to deliver economic and social benefits as we assist in the transition to a low-carbon future.

### Our role in a low-carbon future

Climate change is a critical global challenge, and addressing it is of strategic importance to Kelington. We recognise that without decisive action from governments, businesses, and society, the long-term risks and uncertainties will continue to escalate. At the same time, climate action presents opportunities for innovation and sustainable growth.

Kelington is committed to being part of the solution by integrating decarbonisation into our core operations and engineering expertise. Through value engineering for sustainability, the development of low-carbon engineering solutions, and the adoption of energy-efficient technologies, we strive to reduce emissions and minimise environmental impact. Our role extends beyond ensuring the safe handling and distribution of specialty gases and chemicals—we are actively enabling new technologies to tackle environmental challenges. By measuring and analysing our greenhouse gas ("GHG") emissions, enhancing resource efficiency, and fostering climate awareness, we are taking decisive steps to contribute to a more sustainable future.

### How does exhaust affect the environment?

Exhaust streams in semiconductor fabrication plants (fabs) often contain highly corrosive and/or toxic gases that, if released untreated, can have severe environmental impacts. These gases can contribute to air pollution, acid rain, and harm to ecosystems and human health. To mitigate these effects, the process exhaust is directed to a centralised exhaust treatment facility where chemical scrubbing removes harmful substances before the exhaust is released into the atmosphere. These facilities, known as exhaust "scrubbers," play a critical role in reducing the environmental footprint of semiconductor manufacturing.

### How can Kelington be a part of the solution?

Kelington delivers complete solutions for Wet Scrubber System; Greenhouse Gas Reduction System; VOCs Removal System; Odor Control System; and acid / general / exhaust / solvent ductwork system which capable to remove harmful gases from the semiconductor fabrication process.

Harmful gases include hydrogen fluoride, hydrogen chloride, chlorine, fluorine, silicon tetrafluoride, carbon dioxide, methane, nitrous oxide, fluorinated gases (HFCs, PFCs, SF6, NF3), nitric and sulphuric acids, as well as with other acidic and caustic compounds.

Kelington supply and install wet scrubbers system which is a type of air pollution control device that is used to remove harmful gases and particles from industrial exhaust streams and we can customise to meet specific emission control requirements.

Exhaust systems are generally associated with emissions of pollutants and GHG that contribute to air pollution and climate change. However, we engineer solutions to design exhaust systems with emission reduction technology and used to reduce the environmental impact.

### How does industrial water / wastewater affect the environment?

The manufacturing of semiconductors generates wastewater that often contains heavy metals, toxic solvents, and other harmful chemicals. If left untreated, this wastewater can contaminate groundwater, posing significant risks to both the environment and public health. The contamination of water sources with hazardous substances is one of the primary contributors to water pollution, impacting ecosystems, drinking water supplies, and overall water quality.

### How can Kelington be a part of the solution?

Wastewater Treatment System is used to convert spent streams into an effluent that can either be reused or safely discharged to the environment or municipal treatment facility.

We provide solutions for wastewater treatment system used to remove contaminants from prior to returning the treated water back to the water cycle / sewage.

Kelington's well-designed wastewater treatment system helps the facility avoid harming the environment, human health, and a facility's equipment, process or products (especially if the wastewater is being reused).

### Valuable materials used in manufacturing process can be expensive to dispose of as waste.

The photolithography process is widely employed in the semiconductor industry to create microcircuits and microelectronic devices, such as computer processors, memory chips, and integrated circuits. It is also essential in the production of flat-panel displays, including LCD, OLED, and plasma displays. As a critical manufacturing step for many high-tech industries, photolithography enables the creation of circuitry and components on semiconductor wafers.

Once the circuitry is completed, a chemical solution is applied to strip away unwanted layers, leaving only the desired components on the wafer. These chemical solutions often contain valuable metals or other materials, which, if not properly managed, can be expensive to dispose of as waste. The high cost of disposal for these valuable materials, combined with environmental concerns, underscores the importance of finding sustainable waste management practices in the semiconductor manufacturing process.

### How can Kelington be a part of the solution?

As part of the solution to reduce waste and disposal costs, Kelington has designed and built the Stripper Reclaim System ("SRS"), which enables semiconductor manufacturers to recover and recycle valuable materials used in the photolithography process. By reclaiming these materials, the SRS not only reduces waste but also helps manufacturers save on material costs and minimise their environmental impact. The system employs advanced filters and chemical treatment processes to recover, purify, and reuse these materials, ensuring a more sustainable and cost-effective manufacturing process.





SUSTAINABILITY STATEMENT

### Emissions

Emissions from the combustion of fossil fuels, cement production, and other human activities contribute to the buildup of greenhouse gases in the atmosphere. This accumulation warms the climate, leading to widespread environmental changes, including shifts in weather patterns, rising sea levels, and disruptions to ecosystems on land and in the oceans. These changes are a significant environmental issue, posing risks to biodiversity, human health, and the global economy.

### How can Kelington be a part of the solution?

One solution to reduce $CO_2$ emissions is through the process of Separation and Utilisation. Kelington captures waste gas emitted by petrochemical complexes and reuses it as a key raw material to produce Liquid Carbon Dioxide via $CO_2$ separation technologies. The liquid $CO_2$ produced is then used in various industries, including food production for freezing and chilling, and in beverages for carbonation. This approach not only reduces $CO_2$ emissions but also provides a sustainable way to repurpose waste gas, contributing to both environmental protection and industrial efficiency.

In addition to this, the company is also exploring carbon capture and storage ("CCS") technologies as part of its commitment to supporting carbon reduction efforts.

## Climate related Disclosures

Kelington Group reaffirms its commitment to transparency and sustainability by aligning our climate-related disclosures with the ISSB IFRS S2 standards and TCFD recommendations. While we have made progress integrating these frameworks into our management processes, we recognise the ongoing need for continuous improvement, particularly in refining our strategy and improving the disclosure of metrics and targets related to climate change.

In FY2025, we will conduct financial materiality assessment to evaluate the financial implications of climate-related risks and opportunities. Additionally, we are undertaking a scenario analysis to better understand potential climate-related outcomes and strengthen our strategic response.

To further enhance transparency and credibility, we are preparing for third-party assurance. This process is supported by a cloud-based carbon accounting system that ensures all climate-related data is securely collected, managed, and readily accessible.

## A. Governance - Managing Climate Risks and Opportunities

Kelington's Board of Directors provides oversight to ensure that climate-related risks and opportunities are effectively integrated into the company's overall business strategy. The Board receives biannual updates on the company's sustainability strategy and initiatives, including progress on climate-related commitments. The Board also approves the Sustainability Statement, which comprehensively discloses Kelington's environmental and climate change agenda.

### Board Oversight

The Board is responsible for providing oversight on the development of strategies that promote and strengthen the ESG culture across the Group, ensuring alignment with long-term sustainability and climate-related goals. As the ultimate authority overseeing ESG risk management, the Board ensures that Kelington's sustainability principles remain aligned with the Group's broader business objectives and evolving regulatory expectations.

The Board reviews and approves the ESG goals and climate-related targets set by management, ensuring they align with Kelington's long-term business objectives and regulatory expectations. ESG and climate-related considerations are embedded into the Board's agenda, guiding discussions on strategic planning, risk management, and investment decisions. These targets are periodically reviewed to ensure alignment with industry benchmarks and international sustainability frameworks.

The Risk Management Committee ("RMC") plays a central role in overseeing the identification, assessment, and management of sustainability risks and opportunities, including climate-related physical and transition factors. The RMC also monitors performance against Kelington's climate-related targets and met twice during FY2024 to review these risks, opportunities, and corresponding mitigation strategies.

Additionally, the Audit Committee, with support from the RMC, oversees the Group's risk management and internal control framework. The Board seeks assurance from the CEO and CFO on the adequacy and effectiveness of the company's risk management and internal control systems, including addressing climate-related risks and opportunities.

### Management Role

Climate-related transition risks and scenarios are integral to Kelington's strategic discussions, with regular engagement by both the Executive Management Committee ("EMC") and the Board. In response to the evolving operational landscape, the Board, supported by management, adapts business strategies that view sustainability as a key driver of long-term value creation and innovation.

Executive Directors are responsible for incorporating climate-related risks and opportunities ("CRO") into the company's long-term business strategy. They oversee the implementation of key initiatives and report to the Board on progress toward ESG objectives, addressing a range of sustainability challenges.

The Group CSO leads the development and execution of the Group's climate change strategy, under the oversight of the RMC. The EMC is proactive in addressing the impacts of climate change, managing the challenges of rising energy costs, and leveraging operational efficiencies for cost savings. Additionally, the EMC emphasises continuous monitoring of CRO, while implementing resilience measures to mitigate the potential impact of natural disasters on operations.

### Execution

The Sustainability Working Group ("SWG") plays a critical role in tracking, assessing, and managing climate-related and other environmental metrics to ensure alignment with Kelington's sustainability and decarbonisation strategies. The SWG is responsible for monitoring performance against climate and sustainability targets, conducting climate risk assessments, and developing policies and mitigation strategies to address both physical and transition risks.

The SWG reports directly to the Group CSO on a regular basis, ensuring that CRO are incorporated into business decisions. It also supports the preparation of the Sustainability Statement, which provides a transparent disclosure of Kelington's climate-related performance, targets, and governance framework in alignment with regulatory requirements.





## B. Strategy

Since its inception, Kelington has prioritised safety and sustainability by addressing environmental and social risks in its operations. Given the complexities of handling flammable, explosive, or toxic materials, we integrate robust safety measures to protect people, property, and the environment while enhancing operational efficiency.

Today, as climate action becomes increasingly urgent, we empower customers to achieve their decarbonisation goals through tailored engineering solutions that reduce emissions, optimise processes, and integrate sustainable practices. Our approach not only lessens environmental impact but also drives long-term value, enabling a transition toward a low-carbon future.

Our climate action strategy aligns with our commitment to delivering world-class, high-quality services that meet customer requirements—safely, efficiently, and with minimal environmental impact.

**EXPECTED OUTCOME:**

- Reduce Kelington's carbon footprint, enhance operational sustainability, and support the transition to a low-carbon future.
- Empower customers to adopt sustainable manufacturing processes and contribute to climate change mitigation.

**Kelington's Approach:**

| Carbon Reduction: | Sustainable Engineering: | Environmental Solutions: | Advocacy & Awareness: | Innovation & Collaboration: |
|---|---|---|---|---|
| Setting a new emissions baseline and establishing targets to achieve Scope 1 and 2 net-zero emissions by FY2050. Given the energy-intensive nature of our Industrial Gases manufacturing, we prioritise innovative technologies and processes to optimise efficiency while lowering emissions. | Embedding sustainability principles in design, construction, and operations to minimise environmental impact and address climate risks. | Promoting the adoption of advanced engineering solutions, such as central abatement systems for GHG reduction and stripper reclaim systems for material recovery, to enhance sustainability, resource efficiency, and environmental stewardship. | Engaging employees and stakeholders to drive climate action and promote a culture of sustainability. | Partnering with global experts to explore emerging technologies, including energy storage and carbon capture, to support climate resilience. |

Kelington remains steadfast in developing and implementing sustainable solutions that ensure both environmental and business resilience.

## Managing Climate Risks and Opportunities:

Given that greenhouse gas ("GHG") emissions are a significant contributor to climate change, transitioning to a low-carbon economy will profoundly impact Kelington's long-term strategy and operations.

At Kelington, we proactively manage climate-related risks through a comprehensive risk management framework that addresses financial, operational, and compliance uncertainties. These risks can affect our business performance, reputation, and overall ability to operate successfully. Our risk management framework establishes clear oversight responsibilities across different levels of governance.

**Risk Identification and Evaluation**

Kelington identifies and assesses climate-related risks through a systematic process, which includes internal and external reviews, stakeholder consultations, and scenario analysis. Risks are categorised into physical (acute and chronic) and transition (regulatory, technological, market, reputational) risks.

| Climate Risks | Identification | Evaluation |
|---|---|---|
| **Physical Risks**<br><br>Chronic Hazards<br>- Sea Level Rise<br>- Temperature Patterns<br>- Air Pollution<br><br>Acute Hazards<br>- Flooding<br>- Tropical Cyclones<br>- Landslides | • Conducting on-site vulnerability assessments of facilities, supply chains, and infrastructure to identify exposure to physical risks like flooding, drought, and extreme heat.<br><br>• Analyses historical weather patterns, climate models, and scientific reports to assess the potential impact of physical risks such as extreme weather events, rising temperatures, floods, and sea-level rise on our operations and supply chain. | • Evaluating the potential financial, operational, and supply chain impacts of identified physical risks to understand which risks pose the greatest threat to business continuity and growth. |
| **Transition Risks**<br><br>- Policy & Legal risks<br>- Market risks<br>- Technology risks | • Monitoring policy developments, such as carbon pricing, emission reduction targets, and environmental regulations, to identify new legal obligations and compliance requirements.<br><br>• Tracking shifts in consumer preferences, technological advancements, and competition in the transition to a low-carbon economy, which could create risks or opportunities. | • Assessing the potential costs of complying with new environmental regulations, including the investment needed to meet emissions standards or achieve sustainability goals.<br><br>• Evaluating the risk of technological obsolescence or the need for new investments in clean technologies, renewable energy, or sustainable products. |
| **Transition Risks**<br><br>- Reputational risks | • Monitor public perception and media coverage related to our climate actions and sustainability performance.<br><br>• Regularly gathering feedback from customers, employees, investors, and other stakeholders to understand concerns related to the company's sustainability performance and climate-related actions. | • Analysing the potential reputational damage from negative media coverage, public scrutiny, or stakeholder backlash, and quantifying the potential impact on customer loyalty and investor relations.<br><br>• Evaluate the company's readiness to respond to climate-related scandals or public criticisms, ensuring effective mitigation strategies are in place. |





**Resilience of Strategy in the face of climate risks**

Climate change is not just a concern but a strategic imperative for our business, requiring a holistic approach across all facets of our operations. To ensure continual improvement, Kelington pledges to conduct an annual review of our climate change approach as an integral part of our ongoing strategy refinement process.

| Category | Future Inquiry | Key Risks Considered | Resilience Measures |
|---|---|---|---|
| **Short-Term Horizon** (1–3 years) | **How can we adapt to immediate sustainability shifts?** | **Regulatory changes**<br>Implementation of carbon pricing, emissions reporting requirements, and potential environmental tax or compliance expenses. | Strengthened compliance framework in alignment with Bursa Malaysia's sustainability disclosure requirements and IFRS S1 & S2. |
| | | **Customer expectations**<br>Major semiconductor and electronics manufacturers increasingly require suppliers to meet strict ESG criteria. | Ensure that our ESG strategy effectively addresses environmental impact, social responsibility, and governance practices. Introduction of sustainable engineering solutions. |
| | | **Supply Chain Sustainability**<br>Need for management of supply chain risks to align with client sustainability goals. | Enhanced engagement with suppliers to ensure ESG compliance across the supply chain. |
| **Medium-Term Horizon** (3–10 years) | **How can we strengthen our market position through sustainability innovation?** | **Financial & Investment**<br>Investments in sustainability project (e.g., CCS, hydrogen) require significant upfront capital with uncertain ROI. Prices for RECs and carbon offsets may fluctuate, affecting financial planning. | Use scenario planning to model different financial outcomes and adjust investment strategies accordingly. |
| | | **Technological & Innovation Risks**<br>Clients may be slow to adopt sustainability-driven solutions due to cost concerns. | Avoid over-reliance on one sustainability solution; invest in multiple green tech pathways. |
| **Long-Term Horizon** (10–30 years) | **What are our strategies for sustainable growth?** | **Global net-zero commitments**<br>Countries and industries implementing strict emissions reductions. | Commitment to achieving net-zero Scope 1 and 2 emissions by 2050, aligning with global climate goals. |
| | | **Physical climate risks**<br>Potential impact of extreme weather events on operational sites and supply chains. | Secure parametric insurance for extreme weather risks to ensure rapid financial recovery after disruptions. Integrating climate-resilient into the design and construction of new facilities. |
| | | **Policy-driven transformations**<br>Shift towards a carbon-neutral industrial economy affecting project viability. | Shift the business portfolio towards low-carbon and energy-efficient solutions that align with carbon-neutral regulations. |

### Scenario Analysis

As part of our commitment to sustainability and risk management, the Executive Management Committee is conducting an ongoing climate scenario analysis, which includes the following steps:-


### Kelington's Path to Net Zero & Strategic Positioning

As industries transition toward a low-carbon future, Kelington recognises the need to navigate evolving technological, regulatory, market, and environmental dynamics. We are currently reviewing our scenario analysis to assess potential future landscapes and will determine the appropriate timing for disclosure based on our readiness.

The analysis explores three potential scenarios:

- Scenario 1: Accelerated Green Transition (High Regulation, High Adoption)
- Scenario 2: Delayed Decarbonisation (Moderate Regulation, Slow Adoption)
- Scenario 3: Business-As-Usual (Weak Regulation, Low Adoption)

These scenarios help evaluate interconnected risks and opportunities related to advancements in green hydrogen and carbon capture, policy shifts such as carbon taxes and mandatory ESG disclosures, evolving client ESG expectations, and potential disruptions from extreme weather events. As this review is ongoing, the scenarios are subject to change.

This ongoing analysis will support Kelington in anticipating challenges, seize emerging opportunities, and aligning its business model with a rapidly evolving sustainability landscape. The findings will guide our strategic decisions as we continue on the path toward net-zero emissions.

## C. Climate-related Risks and Opportunities

Kelington's climate-related risks and opportunities ("*CRO*") are seamlessly integrated into our comprehensive risk management framework. Climate risks are evaluated alongside other business risks, ensuring a holistic and coordinated approach to risk management. Each identified risk is assigned to the appropriate risk owner, such as senior management or specific departments, to ensure accountability for its mitigation and management.

The Board, RMC, and EMC regularly review *CRO* as part of their ongoing risk assessments, with the support of the SWG. This collaborative approach enables Kelington to proactively identify and capitalise on climate-related opportunities, such as advancing renewable energy projects, enhancing operational efficiencies, developing sustainable products and services, and exploring carbon capture solutions, thereby driving growth and innovation while mitigating risks.

### Potential Impacts of CRO

Under Kelington's risk management framework, emerging risks are identified, assessed, and appropriately managed. Kelington utilises the major risk categories outlined in IFRS S2, which incorporate and build upon the former TCFD recommendations, as the basis for its climate risk assessment:

i. **Physical risks** – Risks arising from the physical impacts of climate change, including acute and chronic climate-related events.

ii. **Transition risks** – Risks associated with the shift to a lower-carbon economy, including regulatory changes, market shifts, technological advancements, and reputational risks.

By aligning our risk management practices with IFRS S2, we ensure comprehensive and transparent climate-related disclosures, enhancing our ability to manage risks effectively and capitalise on climate-related opportunities.





**Potential Financial Impact Level:**

Low | Medium | High | Risk | Opportunity

| Climate Risks | Potential Impacts of CRO on our business | Our Strategic Responses | Short (Less than 3 Years) | Medium (3-10 Years) | Long (More than 10 Years) |
|---|---|---|---|---|---|
| **Physical Risks** | | | | | |
| **Acute physical risks** | **- Profit**<br>Changes to the intensity and frequency of extreme events, such as severe floods, have the potential to damage infrastructure and interrupt business operations. This could result in increased operational costs and loss of revenue from reduced LCO2 production or suspension of works. | Enhance financial resilience through climate-specific insurance policies that cover damages from extreme weather events.<br><br>Conduct comprehensive risk assessments to identify vulnerable infrastructure and operations. | Low | Medium | High |
| | **- Profit**<br>**+ Legal & Compliance Cost**<br>Changing nature of extreme weather events impacting design criteria (flood defences, resilient building materials) for new projects. Tightened regulations and more complex design processes may slow down the execution of projects. | We consider climate risks from the way we design and construct new projects to closure and beyond.<br><br>We have seen the impacts of climate change in recent years and we are using scenarios to assess further medium to long-term risks. | Low | Low | Medium |
| **Chronic physical risks** | **+ Operational Cost**<br>Long-term trends associated with chronic physical risks can be more challenging to identify and address. Chronic physical risks, such as prolonged shifts in climate patterns (e.g., droughts, heatwaves, or changing precipitation patterns), can disrupt supply chains. These disruptions can result from shortages of raw materials, transportation challenges due to infrastructure damage, or delays in production due to changes in environmental conditions. | Diversify the supply chain by sourcing raw materials from multiple regions.<br><br>Regularly monitor climate trends and supply chain performance to identify early warning signs of potential disruptions. | Low | Low | Medium |
| | **+ Healthcare Cost**<br>Extreme temperature changes and increasing frequency of heatwaves could adversely affect employee health and safety, particularly for those working outdoors or in high-temperature environments. This could lead to higher healthcare costs and absenteeism. | Regular monitoring of environmental conditions and the adoption of cooling systems or shaded areas for employees working outdoors or in high-temperature environments.<br><br>Provide training to employees on recognising the symptoms of heat-related illnesses, safe work practices in extreme temperatures, and how to use cooling equipment effectively. Foster a culture of safety and encourage peer support to monitor each other's well-being. | Low | Low | Medium |

## SUSTAINABILITY STATEMENT

| Climate Risks | Potential Impacts of CRO on our business | Our Strategic Responses | Short (Less than 3 Years) | Medium (3-10 Years) | Long (More than 10 Years) |
|---|---|---|---|---|---|
| **Transition Risks** | | | | | |
| **Policy and regulations risks** | **+ Carbon tax**<br>**+ Compliance cost**<br>Current and emerging regulation has the potential to impact business costs associated with meeting regulatory requirements. This includes the introduction of a carbon tax and the associated financial implications for emissions-intensive activities. | Establish a regulatory compliance team to stay ahead of current and emerging regulations related to carbon pricing, emissions reporting, and other environmental obligations. Regularly monitor changes in local, national, and global regulatory landscapes to ensure the company is prepared for any new requirements.<br><br>Accelerate internal initiatives aimed at reducing emissions through process optimisation, energy-efficient technologies, and low-carbon alternatives. | | | |
| | **+ Green Revenue**<br>Manufacturers will require advanced engineering solutions to reduce their environmental impact. | Provide engineering solutions that enable manufacturers to capture and reduce emissions, such as carbon capture and storage ("CCS") technologies and low-emissions production processes. | | | |
| **Market risks** | Chip manufacturing contributes to the climate crisis. As the semiconductor industry grows, and so with its carbon footprint. The chip industry used different gases during the production process, many of which have significant climate impact.<br><br>**+ Green Revenue**<br>Kelington's products and services have an important role in a low-carbon economy. | Develop innovative solutions that address environmental challenges while enhancing Kelington's competitiveness and attracting environmentally conscious clients.<br><br>Explore tender opportunities for systems that contribute to environmental sustainability, including:<br>• Wet Scrubber Systems<br>• Greenhouse Gas Reduction Systems<br>• VOCs Removal Systems<br>• Odor Control Systems<br>• Acid/General/Exhaust/Solvent Ductwork Systems designed to remove harmful gases from semiconductor fabrication processes.<br><br>Promote our capability to design and build Stripper Reclaim Systems ("SRS") that enable manufacturers to recover and recycle valuable materials, reducing waste, lowering material costs, and minimising environmental impact. | | | |
| **Transition Risks** | | | | | |
| **Technology risks** | **+ Energy cost**<br>In the electricity sector, the transition to low-carbon technologies has the potential to impact the future price of purchased electricity. | Negotiate long-term supply contracts with energy providers or renewable energy developers to secure stable and predictable electricity prices. | | | |
| | **+ Green Revenue**<br>Promote low-emissions technology and engineering solutions that offer customers opportunities for cost savings, improved efficiency, and long-term alignment with regulatory requirements. | Collaborate with international partners to develop innovative technologies that contribute to both climate change mitigation and adaptation. This will enhance corporate value and drive revenue growth through expanded collaborations. We aim to identify the most relevant and impactful technologies for our business and, where beneficial, form strategic partnerships to leverage these innovations. | | | |
| **Legal risks** | **+ Legal Liabilities**<br>Climate change has the potential to lead to legal compliance issues and litigation. There is growing emphasis on the duty of directors to consider and disclose climate change risks. | Regularly review sustainability management framework includes policies, governance structure, ESG integration process, communications and continuous improvements. | | | |
| **Reputational risks** | **- Revenue**<br>**- Brand Value**<br>**- Market Share**<br>Failing to meet sustainability targets, inadequate response to climate change, or involvement in environmental scandals could lead to public backlash. This may result in negative media coverage, loss of public trust, and damage to the company's reputation.<br><br>**+ Revenue**<br>**+ Brand Value**<br>**+ Market Share**<br>By proactively implementing sustainable practices, transparently communicating efforts, and meeting or exceeding environmental expectations, the company can build a strong reputation as a leader in sustainability. | Reinforce and publicly commit to clear, measurable sustainability targets, such as carbon neutrality or waste reduction. Regularly update stakeholders on progress through transparent reporting, demonstrating the company's commitment to environmental goals and building trust.<br><br>Foster a company-wide culture of sustainability by providing employees and key external providers with training on environmental responsibility and best practices.<br><br>Develop and implement a comprehensive crisis management and communication strategy to quickly address any potential environmental and social issues. | | | |

## D. Metrics and Targets

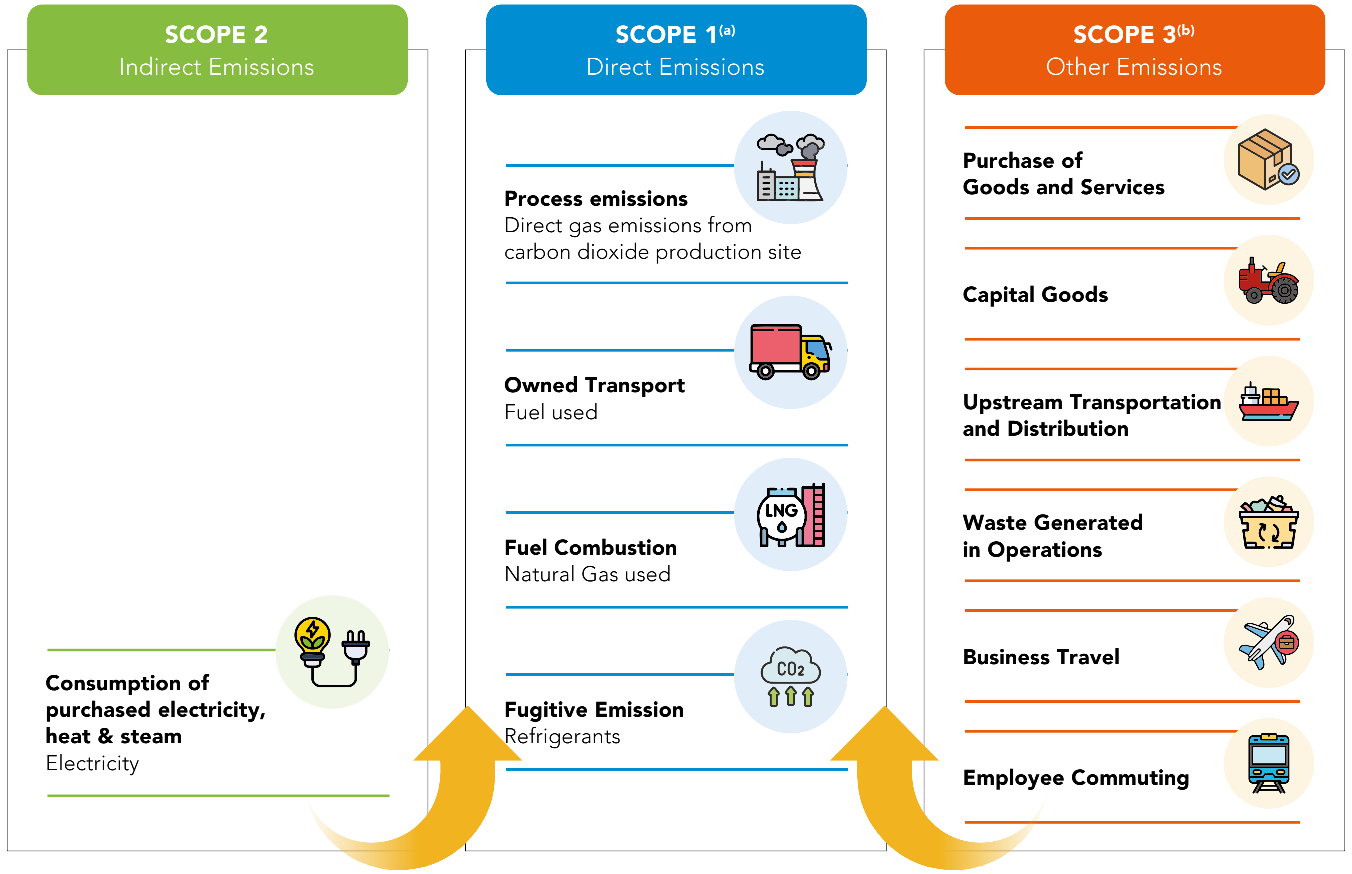
**Green House Gas ("GHG") Emission Management**

One of the significant contributors to climate change is the emission of greenhouse gases ("GHG"). In line with global efforts to reduce GHG releases, Kelington is committed to respond and act accordingly whilst improving our operational efficiency. In return, Kelington enjoys cost savings by spending less on raw materials, energy, water and resource recovery.

We strive to protect our environment and planet via mitigation of carbon dioxide emissions, waste reduction and the preservation of natural resources. In FY2024, we identified and managed our environmental risks in accordance with the ISO14001:2015 Environmental Management System.

**Our Carbon footprint**

In FY2024, Kelington engaged Pantas Software Sdn. Bhd. ("Pantas") to provide climate solutions services and conduct a thorough and comprehensive accounting of Greenhouse Gas ("GHG") emissions across Scopes 1, 2, and 3. Pantas utilises the GHG Protocol methodology to identify the reporting boundaries applicable to Kelington Group for calculating and reporting GHG emissions. Additionally, Pantas' methodology and calculations align with ISO 14064-1, ensuring they meet global standards in sustainability reporting.




*Notes:*

(a) *Except for Carbon Dioxide ($CO_2$, Kelington's current operations do not emit other Scope 1 GHG emissions -- such as Methane ($CH_4$); Nitrous Oxide ($N_2O$); Chlorofluorocarbons (CFCs); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); sulfur hexafluoride ($SF_6$); or Nitrogen Trifluoride ($NF_3$) -- in FY 2024. Furthermore, Kelington Group's operations, including manufacturing and construction processes are not likely to cause emissions of Nitrogen Oxide ($NO_x$), Sulphur Oxides ($SO_x$), Particular Matter (PM) and Volatile Organic Compounds (VOCs), or other forms of air pollution.*

(b) *Scope 3 emissions are indirect emissions resulting from Kelington's operations but originate from sources not owned or controlled by Kelington. To enhance our environmental sustainability efforts, we are currently working with a carbon accounting provider and actively collecting data on six categories of Scope 3 upstream emissions.*





**Kelington's Net Zero Transition Strategy**

At Kelington, we are committed to achieving net-zero emissions by 2050, in alignment with Malaysia's national carbon neutrality target. This commitment is a key part of our long-term sustainability strategy and reflects our role in supporting the country's transition to a low-carbon economy.

Our focus is on reducing our carbon footprint across our operations and supply chain, while driving innovation and environmental stewardship. We specifically aim to achieve net-zero Scope 1 and Scope 2 emissions across all business operations by 2050, with defined milestones to track our progress. Our strategy will be reviewed periodically to adapt to emerging technologies, regulatory changes, and market developments, ensuring we remain aligned with global best practices.

**Transition towards low carbon future**

| KGB Group: | Industrial Gas Division: | KGB Group: | Operations in Malaysia: | KGB Group: |
|---|---|---|---|---|
| Reduce Scope 1 & 2 emissions by **10%** by 2030. | Reduce Emission Intensity by **5%** by 2030. | Reduce net Scope 3 emissions by **10%** by 2035. | **100%** renewable electricity by 2045 | Net zero Scope 1 and 2 emissions by 2050 |

**Short-Term (2025-2030): Laying the Foundation**

Key Actions

- Monitor energy efficiency across major facilities to reduce operational emissions.
- Commit to increasing renewable energy adoption through on-site generation or procurement strategies.
- Collaborate with suppliers, customers, and partners to drive industry-wide decarbonisation.
- Design and implement innovative low-carbon engineering solutions to help clients reduce emissions.

**Medium-Term (2031-2040): Scaling Up Decarbonisation**

Key Actions

- Identify high-emission industrial hubs and partner with key players for large-scale CCS projects.
- Develop $CO_2$ transport and storage infrastructure near major industrial zones.
- Establish an internal carbon offset strategy to balance unavoidable emissions with verified removals.
- Require suppliers to disclose and set reduction targets for their emissions.

**Long-Term (2041-2050): Achieving Net-Zero**

Key Actions

- Implement on-site solar, wind, or PPAs to transition to fully renewable energy by 2045.
- Mandate low-carbon sourcing and require suppliers to commit to Net Zero target.
- Lead cross-sector partnerships to advance carbon-neutral technologies.

## SUSTAINABILITY STATEMENT

**Balancing Sustainability and Financial Performance in the Journey to Net Zero**

Kelington's commitment to Net Zero reflects a forward-thinking approach to sustainability, while also highlighting the challenges businesses face in balancing environmental goals with profitability and return on investment ("ROI"). Transitioning to energy-efficient technologies and renewable energy sources is essential but requires significant upfront capital, which may affect short-term financial performance.

The integration of renewable energy, particularly through large-scale installations and power purchase agreements, demands significant financial resources and careful planning to ensure cost-effectiveness and operational efficiency.

Similarly, investments in carbon capture and storage ("CCS") and high-quality carbon offset projects, although critical for addressing hard-to-abate emissions, pose challenges in terms of technological feasibility and financial viability.

Businesses must navigate these complexities while maintaining competitive pricing and delivering value to shareholders. This balance necessitates a strategic approach, leveraging innovation, stakeholder engagement, and strong partnerships across the value chain.

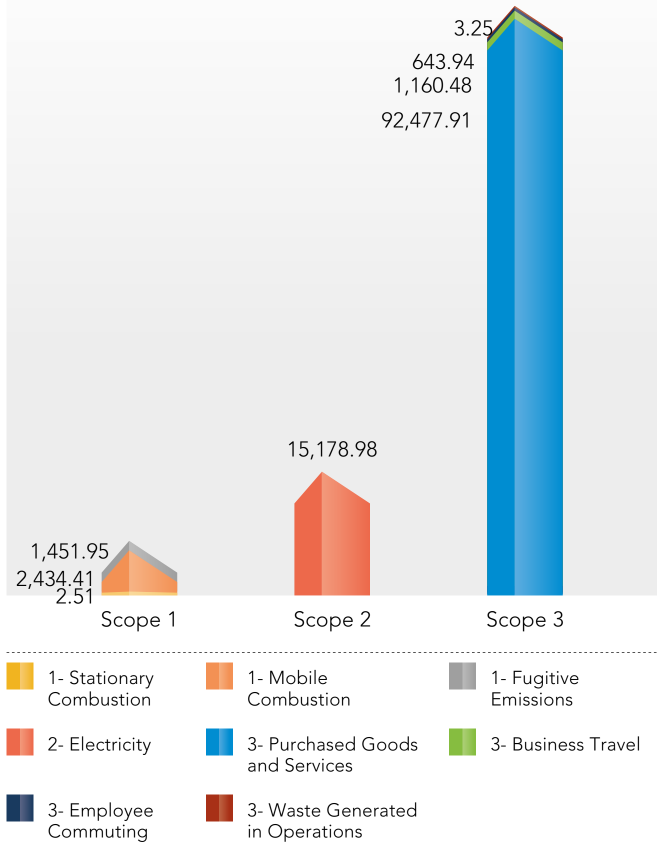
By embedding sustainability into core business operations and viewing it as an integral component of long-term success, Kelington can transform challenges into opportunities, ultimately driving sustainable growth and enhancing resilience in a carbon-conscious market.

**Transition towards low carbon future**

| Target | FY2022 *(Manual Data)* | FY2023 *(Manual Data)* | FY2024 *(New Baseline)* | Short to Medium Term Target | Long Term Target |
|---|---|---|---|---|---|
| Reduce Scope 1 & 2 absolute emissions | 14,177 $tCO_2e$ | 16,302 $tCO_2e$ | 19,068 $tCO_2e$ | 10% Reduction by 2030 | Net Zero by 2050 |
| Reduce Scope 3 net emissions | 33,605 $tCO_2e$ | 24,137 $tCO_2e$ | 94,286 $tCO_2e$ | 5% Reduction by 2030 | 10% Reduction by 2035 |
| 100% renewable energy | 0% | 0% | 0% | 30% by 2035 | 100% by 2045 |

*Notes:*
1) *FY2022 and FY2023 data were manually collected as part of Kelington's initial efforts to measure emissions and identify reduction opportunities.*
2) *In FY2024, Kelington adopted a new cloud-based carbon management tool to enhance the accuracy and comprehensiveness of our emissions tracking. FY2024 marks the establishment of a new baseline with improved data accuracy, serving as the foundation for tracking progress toward Kelington's net-zero ambitions.*
3) *The increase in reported emissions for FY2024, compared to the previous year, reflects our expanded emissions inventory and improved calculation accuracy following the implementation of an end-to-end carbon management system at the start of FY2024. This transition from manual calculations to an automated, data-driven approach marks a significant advancement in our emissions reporting, particularly within Scope 3 categories such as purchased goods and services. The uplift in reported figures stems from improved data capture and greater precision, rather than a material rise in actual emissions. This enhanced methodology aligns with global best practices, reinforces our leadership in transparent, data-driven sustainability, and strengthens our commitment to effective carbon management in line with industry standards.*

**GHG ("$CO_2$") Emission FY2024 - breakdown by Scope from the operations of KGB**




**Scope 1 - Direct Emissions**

The primary driver of Scope 1 emissions is diesel fuel consumption, categorised under Mobile Combustion. Diesel usage is the largest individual contributor to KGB's Scope 1 emissions, primarily as an energy source for operating its vehicles (e.g., gas delivery fleet), accounting for 2,366.18 $tCO_2e$.

For Scope 1 - Stationary Combustion, the main contributor is diesel fuel consumption by generators, which accounts for 2.51 $tCO_2e$ of KGB's Scope 1 emissions.

For Scope 1 - Fugitive Emissions, the primary source is the use of refrigerants. In FY2024, KGB's two main sources of fugitive emissions are R-507 and R-22. R-22 is used as a refrigerant in AC units, while R-507 is mainly used for industrial cooling. The largest individual contributor to KGB's Scope 1 - Fugitive Emissions is the usage/refill of R-507 refrigerant gas, accounting for 1,440.98 $tCO_2e$.

It is noted that although R-32, R-410A, and carbon dioxide (used in fire extinguishers) are inventoried, they did not undergo any refills in FY2024, indicating no emissions from this activity.

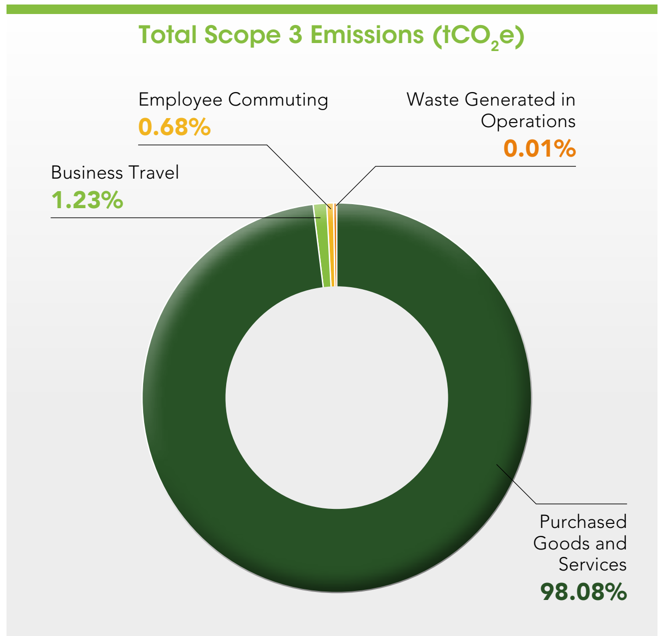
**Scope 2 - Indirect Emissions (Electricity Consumption)**

In FY2024, KGB's operations consumed a total of 19,681,811.45 kWh of electricity, resulting in 15,178.9 $tCO_2e$ of Scope 2 emissions. The increase is primarily due to the adoption of region-specific Grid Emission Factors ("GEFs"), replacing the previously applied uniform average of 0.225 $tCO_2e$/MWh. For Peninsular Malaysia, a GEF of 0.774 $tCO_2e$/MWh—sourced from the Malaysia Energy Information Hub ("MEIH") – was applied, reflecting the higher carbon intensity of local electricity generation.

**Scope 2 - Emissions by Geographical Region**

| Region | Electricity Consumption (kWh) | Emissions ($tCO_2e$) | Renewable Energy Usage (%) |
|---|---|---|---|
| Malaysia | 19,123,234.00 | 14,788.31 | 0% |
| Singapore | 112,196.23 | 45.52 | 0% |
| China | 436,883.22 | 340.45 | 0% |
| Taiwan | 9,498.00 | 4.70 | 0% |
| | **19,681,811.45** | **15,178.98** | |

### Scope 3 - Indirect Emissions




The current scope of KGB's Scope 3 emissions includes Purchased Goods and Services, Waste Generated in Operations, Business Travel, and Employee Commuting. Capital Goods and Upstream Transportation and Distribution are currently included under Purchased Goods and Services. Moving forward, the company will improve data tagging for proper categorisation and reporting purpose.

**Purchased Goods and Services**

Emissions from Purchased Goods and Services for KGB amounted to 92,477.91 $tCO_2e$. The largest contributor was business services, which include general contracting, consultancy, and installation activities. These accounted for 56.90% of the total emissions (52,620.22 $tCO_2e$). The next most significant sources were fabricated metal products and machinery and equipment purchases, collectively contributing 31,197.90 $tCO_2e$ (33.37%).

**Business Travel**

KGB's Business Travel emissions amounted to 1,160.48 $tCO_2e$, with car travel (mileage claims) being the main contributor at 1,080.87 $tCO_2e$ (93.14%). Other transit and ground transportation accounted for 56.00 $tCO_2e$ (4.83%).

**Employee Commuting**

A survey covering 77.17% of KGB employees was conducted to estimate commuting emissions, which totalled 643.95 $tCO_2e$. Personal vehicle use (small passenger cars) was the largest contributor at 344.47 $tCO_2e$ (53.49%).

**Waste Generated in Operations**

KGB's emissions from waste generation are minimal compared to other Scope 3 categories, totalling 3.25 $tCO_2e$. Most emissions come from recycled metals (2.77 $tCO_2e$, 85.03%), followed by recycled plastics (0.39 $tCO_2e$, 11.97%) and recycled paper (0.10 $tCO_2e$, 3.00%).

The emissions from waste generated are minor and may not align with the total waste generated, as stated in S2 Pollution & Waste Management. This is because KGB does not have specific waste data or information on the treatment methods (e.g., incineration or landfill) for carbon accounting purposes.



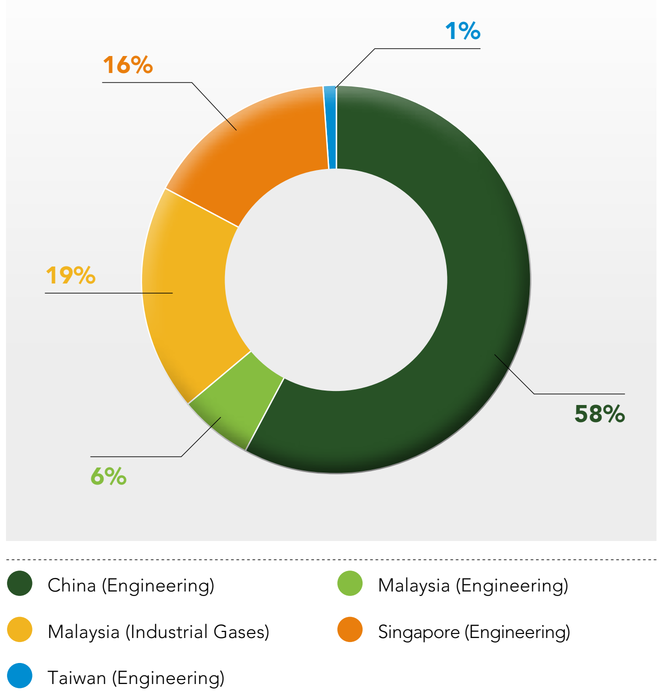


SUSTAINABILITY STATEMENT

| GHG ($CO_2$) Emission | Unit of Measure | FY2022 *(Manual Data)* | FY2023 *(Manual Data)* | FY2024 *(New Baseline)* |
|---|---|---|---|---|
| **Direct Emissions from manufacturing facilities & distribution tankers.** | | | | |
| Scope 1: Mobile Combustion | $tCO_2$ e | 1,406 | 1,842 | **2,434.41** |
| Scope 1: Stationary Combustion | $tCO_2$ e | 1 | 1 | **2.51** |
| Scope 1: Fugitive Emissions | $tCO_2$ e | Data not available | Data not available | **1451.95** |
| Raw waste Mass Balance[1] | $tCO_2$ e | 9,766[1] | 10,652[1] | **N/A[1]** |
| Sub-Total | $tCO_2$ e | 11,173 | 12,495 | **3,888.87** |
| **Indirect Emissions from electricity purchased and used** | | | | |
| Scope 2: Electricity | $tCO_2$ e | 3,004 | 3,807 | **15,178.98** |
| **Scope 3: Other Indirect Emissions from the Group activities** | | | | |
| Purchased goods and services | $tCO_2$ e | 32,148 | 23,241 | **92,477.91** |
| Capital goods | $tCO_2$ e | Data not available | Data not available | **0[2]** |
| Upstream transportation and distribution | $tCO_2$ e | Data not available | Data not available | **0[2]** |
| Waste generated in operations | $tCO_2$ e | 332 | 193 | **3.25[3]** |
| Business Travel (Air & Land) | $tCO_2$ e | 1,125 | 703 | **1,160.48** |
| Employee Commuting | $tCO_2$ e | Data not available | Data not available | **643.95** |
| Fuel and energy related activities (not include in Scope 1 or 2) | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Upstream leased assets | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Investments | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Downstream transportation and distribution | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Processing of sold products | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Use of sold products | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| End of life treatment of sold products | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Downstream leased assets | $tCO_2$ e | Data not available | Data not available | **Data not available** |
| Franchises | $tCO_2$ e | - | - | **-** |
| Sub-Total | | 33,605 | 24,137 | **94,285.59** |
| **Total GHG ($CO_2e$) Emission** | | 47,782 | 40,439 | **113,353.44** |

***Note [1]:*** *Following a thorough re-assessment of the reporting boundaries based on operational control for KGB, it has been determined that the additional waste gas emissions reported in 2022 and 2023 fall outside of KGB's inventory boundary. Consequently, these emissions are excluded from Scope 1 reporting in FY2024 and will not be accounted for in subsequent years.*
***Note [2]:*** *Capital Goods and Upstream Transportation and Distribution are currently included under Purchased Goods and Services. Moving forward, Kelington will improve data tagging for proper categorisation and reporting purpose.*
***Note [3]:*** *The emissions from waste generation in previous years were estimated based on available domestic waste data and assumptions about treatment method. However, KGB lacked access to specific waste volume data and verified information on disposal methods, resulting in unreliable emissions estimates for FY2024. This contributed to a significant reduction in reported figures compared to prior years. Moving forward, KGB is taking proactive steps to improve waste data collection and traceability.*

### Total emissions by geographical region




Our greenhouse gas ("GHG") emissions analysis for FY2024 reveals significant regional variations, largely driven by the nature of our business activities and procurement activities. Total Scope 1, 2, and 3 emissions amounted to 113,353.44 $tCO_2e$. The highest contributor was our China operations, which accounted for 58% of total emissions (65,741 $tCO_2e$), primarily due to Scope 3 emissions from purchased goods and services (64,772.76 $tCO_2e$). This reflects the high volume of materials procured to support complex and project-intensive operations in the region. Singapore was the second-largest contributor, with 17,769.78 $tCO_2e$, also predominantly linked to procurement-related Scope 3 emissions.

Managing emissions from purchased goods and services — particularly at the project level — remains a key challenge due to factors such as a diverse supplier base, varying material requirements, and limited visibility into upstream emissions. These findings underscore the importance of strengthening supplier collaboration and advancing sustainable procurement practices. In response, we are enhancing supplier engagement and exploring lower-carbon sourcing strategies to reduce the environmental impact of our value chain.

### $CO_2$ Equivalent Intensity Ratio -- Industrial Gas Division

| Target | FY2022 | FY2023 | FY2024 *(New Baseline)* |
|---|---|---|---|
| Reduce emissions intensity by 5% by FY2030 | 763 $tCO_2e$ / RM' million EBITDA | 492 $tCO_2e$ / RM' million EBITDA | 376 $tCO_2e$ / RM' million EBITDA |

*Note: EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) reflects a company's core operating performance. The EBITDA of the Industrial Gases Division—excluding revenue from one-off projects—was used to calculate the $CO_2e$ intensity ratio, ensuring a more consistent and representative measure of ongoing operational performance.*

Kelington's Industrial Gases division has shown a positive trend towards sustainability by emitting fewer greenhouse gases per unit of earnings. In FY2024, the $CO_2e$ intensity ratio improved by 24% to 376 $tCO_2e$ / RM' million EBITDA. This enhancement in $CO_2e$ intensity ratio is closely linked with a significant 53% increase in EBITDA, indicating improved energy efficiency and productivity within the division.





## E. Financial Impacts and Performance

The company has acknowledged the financial impact from CRO through its risk assessment, as summarised below. While the impact has not yet been quantified as required by IFRS S2, the company is committed to enhancing its processes and will continue to improve its assessment and disclosure practices moving forward.

| CRO | Financial Impacts | |
|---|---|---|
| **Physical Risks** | **Operational Costs and Revenue Loss** | **Extreme Weather Events**<br>Increased operational costs and potential revenue loss due to infrastructure damage and production disruptions.<br><br>**Chronic Physical Risks**<br>Long-term shifts in climate patterns may disrupt supply chains, raw material availability, and production processes, increasing operational costs. |
| | **Business Costs** | **Regulatory and Design Changes**<br>Stricter building codes and complex design criteria for climate resilience could increase project costs.<br><br>**Reputational / Public Perception**<br>Failure to address climate risks could result in legal issues, compliance challenges, public backlash, and reputational damage. |
| | **Healthcare Cost** | **Employee Health and Safety**<br>Rising temperatures and frequent heatwaves could affect employee well-being, increasing healthcare expenses and absenteeism. |
| **Transition Risks** | **Compliance Costs** | **Carbon Pricing & Regulation**<br>Emerging carbon taxes and stricter emissions reporting may raise compliance expenses. |
| | **Energy Costs** | **Electricity Price Volatility**<br>The shift to low-carbon energy could impact future electricity prices. |
| | **Legal Liabilities** | **Compliance and Litigation Risks**<br>Non-compliance with evolving climate regulations could result in legal penalties. |
| **Opportunities** | **Green Revenue Growth** | **Innovative Solutions**<br>Increasing demand for low-carbon technologies and sustainable practices presents new market opportunities.<br><br>In FY2024, Puritec Technologies (S) Pte Ltd successfully completed the installation of central abatement system in Singapore, supporting our customer's sustainability efforts and promoting a greener future for the semiconductor industry.<br><br>**Sustainable Partnerships**<br>Collaborate with international partners to develop climate-friendly technologies, enhancing competitiveness and revenue. |
| | **Brand Value & Market Position** | **Reputation and Market Share**<br>Strong climate action can build trust, improve brand value, and expand market share. |

## S2 Pollution & Waste Management

### Pollution Prevention & Compliance

Kelington recognises the heightened pollution risks inherent in manufacturing industries and prioritises environmental stewardship across all operations. We are committed to stringent pollution prevention measures, ensuring compliance with both local and international environmental standards. We proactively identify and mitigate risks while leveraging opportunities for innovation and efficiency.

Our equipment manufacturing facilities in Chuzhou, China operate within controlled cleanroom environments, ensuring that production processes meet high industry benchmarks for contamination control, air quality, and waste management. This setup minimises pollution risks from our operations and upholds strict environmental standards.

At our Kerteh facility, pollution risks are actively mitigated through rigorous monitoring initiatives. We engage an independent company to conduct monthly assessments of key environmental parameters, including water quality in nearby rivers, air quality noise level monitoring. These efforts align with the standards set by the Department of Environment ("DOE") Malaysia, ensuring transparency and accountability. Detailed sampling data is readily available for inspection upon request.

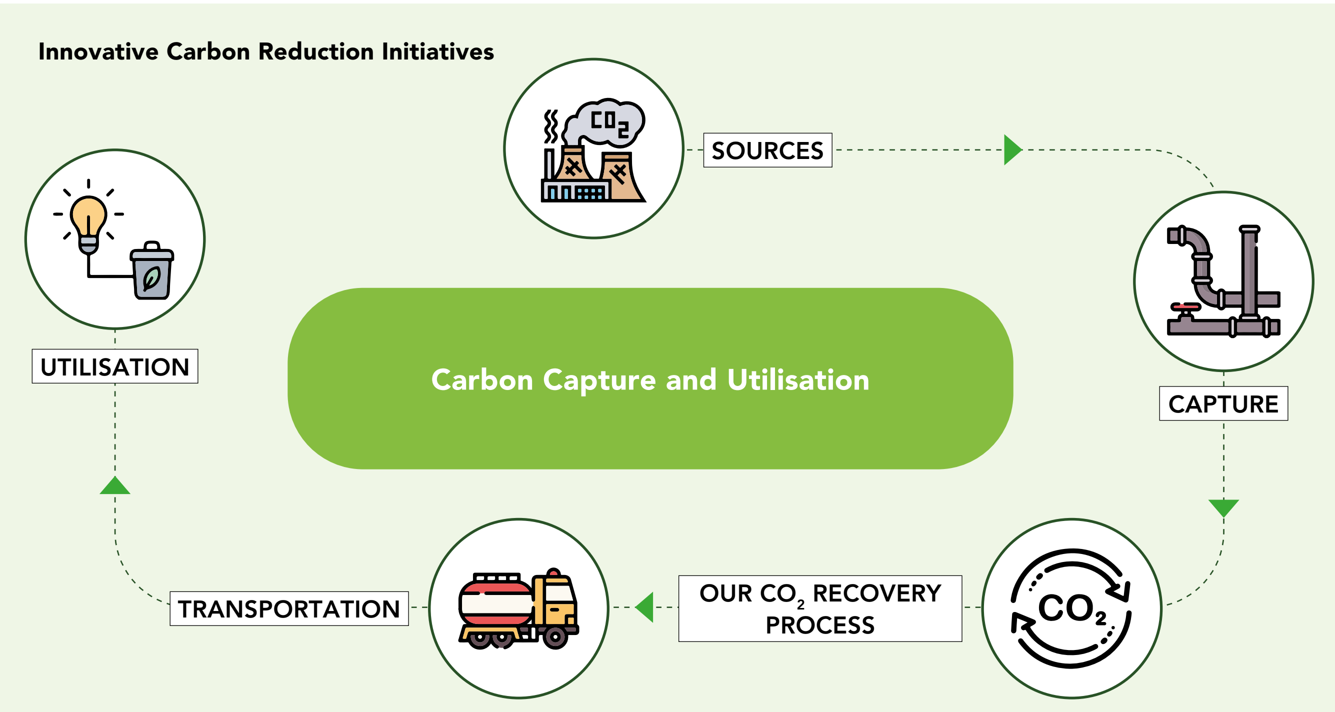
All monitoring data undergoes monthly review by our management team, with prompt corrective actions taken if test results approach alert thresholds. Additionally, a quarterly Environmental Monitoring and Auditing Report is submitted to the local DOE office, reinforcing our commitment to continuous oversight and improvement.

In FY2024, Kelington Group of companies recorded zero instances of non-compliance with local environmental regulations, resulting in no penalties related to pollution. This achievement underscores our steadfast dedication to environmental responsibility and operational excellence.

**Industrial Gases Division: Strengthening Compliance & Waste Management**

Within our Industrial Gases division, we focus on minimising scheduled waste generation through process optimisation and efficiency improvements, conducting routine monitoring and maintenance to mitigate leakage risks while ensuring operational safety and environmental protection, and implementing comprehensive emergency response planning. This includes employee training and rapid containment measures to swiftly address and remediate any hazardous waste incidents.

These proactive measures reinforce our commitment to reducing environmental impact, maintaining compliance with regulatory standards, and driving continuous improvement in sustainability.








Opportunities arise from adopting circular economy principles, as our $LCO_2$ manufacturing process captures $CO_2$ emissions from our raw gas supplier, a petrochemical complex, and converts it into liquid $CO_2$ ($LCO_2$), reducing greenhouse gas emissions. Captured $CO_2$ is utilised in various industries, including carbonation of beverages; industrial manufacturing processes; production of dry ice for cooling and transportation; and enhanced oil recovery.

This initiative reduces CO2 emissions that would otherwise be vented into the atmosphere while generating economic value from waste gases. In FY2024, our $LCO_2$ plant at Kerteh successfully captured 113,024 tonnes of $CO_2$ for reuse, helping reduce emissions and enhancing resource efficiency.

| | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Carbon Dioxide ($CO_2$) gas captured for reuse | tonnes | 60,471 | 70,278 | **113,024** |

KGB is actively exploring innovative solutions in carbon capture, utilisation, and storage ("CCUS") to help industries reduce their carbon emissions. Our efforts aim to reduce industrial carbon footprints by capturing $CO_2$ at the source in industrial processes, repurposing it for commercial and industrial applications, and collaborating on long-term storage solutions, including the development of carbon storage hubs.

### Sustainable Waste Management Practices

As part of our sustainability efforts, KGB is committed to minimising waste generation. Our Health, Safety, and Environment ("HSE") working group oversees the Group's waste management strategy, following the 4R Hierarchy: Reduce, Reuse, Recycle, and Recover.

As of FY2024, all our business operations have adopted the ISO 14001:2015 Environmental Management System, with the exception of our operations in Taiwan. Based on the number of project sites, this coverage represents approximately 87% of our total operations.

For our Engineering division, we implement key waste management strategies, with clear governance and accountability:-

| Waste management strategies | Led by:- | Accountability |
|---|---|---|
| **Value Engineering** | Project & Design Teams | Enhancing designs and material efficiency to minimise waste generation at the source. |
| **Active Employee Involvement** | HR & Site Management | Fostering a culture of recycling through awareness and participation programs. |
| **Effective Solid Waste Segregation** | Site Supervisors & HSE working group | Implementing proper waste segregation at all project sites to maximise recycling potential. |
| **Comprehensive Site Induction** | HSE working group | Training staff and subcontractors on responsible waste management. |
| **Continuous Monitoring & Improvement** | Sustainability Working Group | As waste intensity varies according to project mix, we prioritise tracking and improving recycling rates to enhance overall waste management efficiency. |

To minimise waste and enhance resource efficiency, we have implemented key waste management measures. Building Information Modeling ("BIM") is used to improve design efficiency, reduce material waste, and optimise resource utilisation. Systematic waste segregation is enforced at all construction sites, with designated on-site collection areas to facilitate recycling and proper disposal. Additionally, regulated waste disposal ensures that licensed waste collectors safely transport waste to approved treatment facilities, dumpsites, and landfills in full compliance with environmental regulations.

### Waste Management Overview: Generation & Recycling Summary

In FY2024, 97% of the total waste generated came from the Engineering division, while the Industrial division contributed only 3%. Kelington recycled 1,088.81 tonnes of waste, achieving a 66% recycling rate, reinforcing our commitment to resource efficiency, waste reduction, and circular economy principles. Our company's Engineering and Industrial divisions currently generate approximately 30% non-recycled waste out of their total waste produced. This figure reflects process-related waste that has not yet been diverted from landfills or incineration through recycling or reuse efforts.

The recycling rate varies based on the type of waste generated. In FY2024, the rate was particularly high due to the composition of non-hazardous waste, 67% of which was soil from underground piping works in Taiwan that was fully reused. However, if soil is excluded from the calculation, the overall recycling rate drops significantly to only 2.6%, highlighting a critical area for improvement in how other types of waste—particularly process-related and general industrial waste—are managed and recycled.

In FY2024, 41% of hazardous waste was generated and disposed of in Singapore. Hazardous waste—including chemicals and chemically contaminated clothing or rags—was collected in drums or totes and managed by a licensed vendor to ensure proper and compliant disposal.

Our operations in China are limited to installation works, with all activities conducted at customer sites equipped with waste management facilities. As a result, waste data from our China operations is not material or not applicable, as waste generation and disposal are managed in accordance with the customers' existing waste management systems.

| FY2024 | Unit of measure | Engineering Division | Industrial Gas Division | Total |
|---|---|---|---|---|
| Total Hazardous Waste generated | tonnes | 24.98 | 34.62 | 59.60 |
| Total Non-hazardous Waste generated | tonnes | 1576.80 | 16.35 | 1593.15 |
| **Total Waste generated** | tonnes | **1601.78** | **50.97** | **1652.75** |
| Total Hazardous Waste directed to disposal | tonnes | 24.96 | 0 | 24.96 |
| Total Non-hazardous Waste directed to disposal | tonnes | 492.02 | 13.40 | 505.42 |
| **Total Waste directed to disposal** | tonnes | **516.98** | **13.40** | **530.38** |
| | | **32%** | **26%** | **32%** |
| Total Hazardous Waste diverted from disposal | tonnes | 0.02 | 34.62 | 34.64 |
| Total Non-hazardous Waste diverted from disposal | tonnes | 1,084.78 | 2.95 | 1,087.73 |
| **Total Waste diverted from disposal** | tonnes | **1,084.80** | **37.57** | **1,122.37** |

| | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Total waste generated | tonnes | 717 | 422 | **1,652.75** |
| Waste management trend | % | +259 | -41 | **+292** |
| Non-hazardous waste recycled | tonnes | 61 | 47 | **1,088.81** |
| **Target to achieve 30% Recycling Rate by FY2030** | | | | |
| Recycling Rate | % | 8.5 | 11.1 | **65.9** |





| Our Operations | Non-hazardous waste generated (tonnes) FY2022 | FY2023 | FY2024 | How we manage Non-hazardous waste |
|---|---|---|---|---|
| KE Malaysia | 621 | 406 | 494.6 | Manage waste in accordance to The Solid Waste and Public Cleansing Management Act 2007 as well as the local government rules and regulations. |
| Ace Gases | 0 | 11 | 16.4 | |
| KE Singapore | 94 | 0 | 7.1 | Dispose construction waste via site waste management facilities and in compliance with the waste management regulations. |
| KE China | 1 | 3 | 0 | |
| KE Taiwan | 1 | 2 | 1075.1 | |
| **Total Non-hazardous Waste generated** | **717** | **422** | **1593.2** | |

| Non-hazardous waste recycled | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Metal | tonnes | 60 | 44 | **10.9** |
| Paper or Carton Boxes | tonnes | - | - | **1.3** |
| Wood | tonnes | 1 | 3 | **0** |
| Plastic | tonnes | - | - | **1.6** |
| Others | tonnes | - | - | **1,075** |
| **Total Non-hazardous waste recycled** | tonnes | 61 | 47 | **1,088.8** |

### Scheduled Waste Management

A small percentage of hazardous waste is considered intractable, meaning it requires specialised technologies and facilities for safe disposal. These scheduled wastes are strictly managed in compliance with regulatory standards to protect human health and the environment.

KGB is committed to handling scheduled waste in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 and has implemented the ISO 14001:2015 Environmental Management System as a guiding framework for hazardous waste management.

The following scheduled wastes are applicable to Kelington's operations and are managed in compliance with regulatory requirements:

| Scheduled waste classification under Malaysia's Environmental Quality (Scheduled Wastes) Regulations 2005 | |
|---|---|
| **SW104** | Dust, slag, dross, or ash containing aluminium, arsenic, mercury, lead, cadmium, chromium, nickel, copper, vanadium, beryllium, antimony, tellurium, thallium, or selenium, excluding slag from iron and steel factories. |
| **SW305** | Spent lubricating oil from machinery and equipment maintenance. |
| **SW306** | Spent hydraulic oil from operational processes. |
| **SW409** | Disposed containers, bags, or equipment contaminated with chemicals, pesticides, mineral oil, or other scheduled wastes. |
| **SW410** | Rags, plastics, papers, or filters contaminated with scheduled wastes. |
| **SW411** | Spent activated carbon, excluding carbon used in the treatment of potable water, food industry processes, and vitamin production. |

These wastes are segregated, stored, and disposed of responsibly in accordance with environmental regulations and best practices.

| | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Scheduled Waste | tonnes | 38 | 33 | **35** |

**E-Waste Management & Employee Awareness**

E-waste consists of discarded electronic appliances that contain hazardous materials such as mercury, lead, beryllium, and cadmium. Improper disposal can release toxic chemicals into the soil, water, and air, posing serious health and environmental risks.

KGB adheres to the Environmental Quality (Scheduled Wastes) Regulations 2005, which categorises e-waste as Scheduled Waste SW110 First Schedule. Our approach includes raising employee awareness about responsible e-waste disposal, providing E-Waste Collection Stations at all Malaysia offices since FY2024 to facilitate proper disposal, and partnering with licensed DOE-registered e-waste recyclers to ensure safe and compliant disposal. Through these initiatives, we continue to promote responsible e-waste management, minimising environmental risks and supporting a circular economy approach.

**Global Recycling Day 2024**

On Global Recycling Day, we took a moment to reflect on the importance of sustainability and environmental responsibility. At Kelington, we are proud to contribute to a greener, more sustainable future through proactive waste reduction initiatives.

To mark this occasion, we organised special recycling events across our offices and project sites in Malaysia, uniting our team in collective action to minimise waste and conserve resources. Employees were encouraged to bring recyclable materials from home, contributing to our mission of responsible waste management. From paper and plastics to electronics, every effort counted toward reducing landfill waste and promoting circular economy practices.

A highlight of this year's initiative was the successful collection of 835kg of recycled waste on 18 March 2024, reinforcing our commitment to sustainability. The campaign also featured an engaging awareness talk, emphasising the environmental and social benefits of recycling, along with practical waste reduction strategies for daily life.

Through this initiative, KGB continues to cultivate a culture of environmental responsibility, ensuring that sustainability remains at the core of our operations.







## S3 Resources Management

**Kelington's Commitment to 100% Renewable Energy by 2045**

Kelington is committed to achieving 100% renewable energy by 2045 as part of our broader sustainability and climate strategy. Our approach to climate-related risks and opportunities is guided by our Sustainable Development and Climate Change Position Statement, which provides a structured and accountable path toward a low-carbon future. We are also committed to continuously optimising resource efficiency across energy, water, and other utilities to reduce our environmental footprint.

**Energy Management and Decarbonisation Strategy**

Kelington's operations, spanning customer sites and fabrication facilities, are energy-intensive, particularly within our Industrial Gases manufacturing division, where 24/7 production necessitates a robust energy management framework.

To support our decarbonisation goals, we are implementing energy management strategy that leverages data analytics to track and optimise energy consumption, reduce inefficiencies, and lower greenhouse gas ("GHG") emissions. Additionally, we are optimising production processes by implementing best practices to minimise energy waste while continuously fostering a culture of sustainability.

**Opportunities in Renewable Energy Transition**

Kelington's commitment to achieving 100% renewable energy by 2045 presents significant opportunities for business growth, innovation, and industry leadership. By integrating advanced renewable technologies, we can strengthen our position as a leader in sustainable engineering solutions within Malaysia. Collaboration with renewable energy providers, government agencies, and sustainability-focused investors will enable us to maximise incentives and funding opportunities. Additionally, investing in renewable energy projects, carbon credit markets, and Renewable Energy Certificates ("RECs") will create both financial and environmental value, driving our transition towards a more sustainable future.

**Renewable Energy Initiatives**

Renewable energy is central to our sustainability vision. Since FY2011, we have installed and maintained solar photovoltaic ("PV") panels at our Shah Alam office, generating clean energy to support our operations. Despite efficiency challenges such as dust accumulation and environmental factors, our proactive maintenance measures have ensured optimal solar PV performance. In FY2024, our solar PV system generated 12,589 kWh of renewable energy, contributing to Kelington's carbon reduction efforts.

Moving forward, we are exploring opportunities to scale up our renewable energy adoption, including on-site solar installations at additional facilities and collaborations with renewable energy providers.

**Pathway to 100% Renewable Energy by 2045**

Moving forward, we are exploring opportunities to scale up our renewable energy adoption through various initiatives. These include conducting feasibility studies for mini and micro-hydro projects in Malaysia or ASEAN, securing Power Purchase Agreements ("PPAs") with hydro or green energy providers, and investing in small-scale hydro partnerships to generate Renewable Energy Certificates ("RECs") for Scope 2 offsetting. Additionally, we aim to leverage RECs to facilitate our transition to full renewable adoption while continuously exploring emerging renewable energy technologies and integrating them into our sustainability roadmap.

**Enhancing Energy Resilience and Mitigating Climate Risks**

Climate-related risks, including energy volatility and regulatory changes, are continuously assessed within our sustainability and risk management framework. To mitigate operational risks and enhance energy resilience, we conduct monthly energy performance assessments to identify inefficiencies and implement corrective actions, benchmark against industry standards to drive continuous improvement, and ensure preventive maintenance through regular equipment inspections to minimise downtime and energy wastage. Additionally, we actively engage stakeholders—including employees, partners, and suppliers—in climate action to align with our long-term sustainability commitments.

## SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

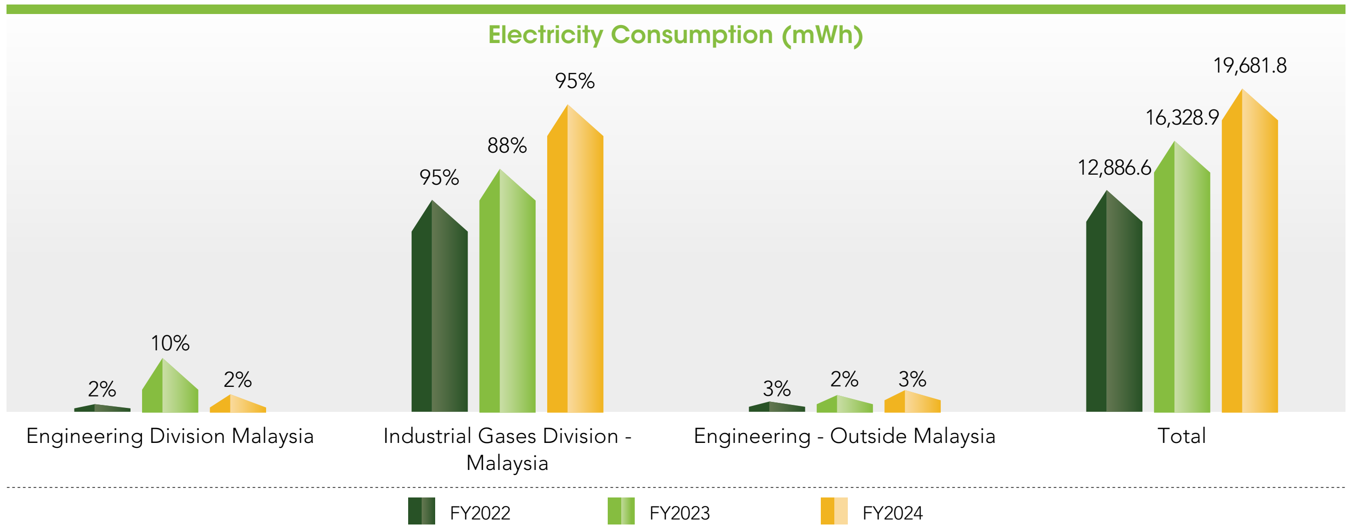
**Metrics & Targets**

| Target | Unit of measure | FY2022 | FY2023 | FY2024 (New Baseline) |
|---|---|---|---|---|
| **Group Target 2045:** 100% Renewable Energy Use | % | 0 | 0 | **0** |
| **Industrial Gas Division - Target 2030:** Reduce electricity intensity by 5% | MWh / RM'million EBITDA | 664 | 452 | **384** |

*Note:*
*The Group's renewable energy use is currently at 0%, with a minor contribution of 12,589 kWh from Kelington's Shah Alam office solar PV system in FY2024.*

| Renewable Energy | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| **Solar Power Generated** | KWh | 11,236 | 13,908 | **12,589** |

**Electricity Consumption**




The Group's electricity consumption has shown an increasing trend in FY2024, primarily driven by the expansion of operations within the Industrial Gas division. This rise is closely aligned with the division's increased liquid $CO_2$ ($LCO_2$) production capacity, which is inherently more energy-intensive due to the processes involved in gas compression, liquefaction, and storage.

As illustrated in the chart above, the Industrial Gas division accounted for 95% of the Group's total electricity consumption in FY2024, highlighting its significant energy footprint. While this growth supports the Group's strategic positioning in the industrial gases market, it also underscores the importance of enhancing energy efficiency and exploring renewable energy integration to mitigate the associated environmental impact.

To better manage and monitor energy use, we track the energy performance of the Industrial Gas division through energy intensity, measured by the amount of electricity required to generate RM1 million in EBITDA. This metric helps guide operational improvements and informs our long-term sustainability strategy. Despite the overall increase in electricity consumption, energy intensity showed a declining trend in FY2024, reflecting improved operational efficiency as higher production volumes led to better energy utilisation. This positive development indicates progress toward more sustainable and cost-effective production practices.

Kelington remains committed to continuous improvement in energy efficiency and will further explore low-carbon technologies to align with climate-related financial risks and opportunities.



### Water Management and Sustainability Commitment

Clean freshwater is a scarce and vital resource, making its responsible management essential. Recognising this, the United Nations has identified Clean Water and Sanitation as one of its Sustainable Development Goals ("SDGs"). In line with this, Kelington is committed to providing access to two of life's most fundamental necessities — clean drinking water and safe, private sanitation facilities — through the strict implementation of our water management plan.

**Our Water Management Approach**

Our approach to water management integrates engineering solutions, data analysis, regulatory compliance, and health and safety measures to support sustainable and responsible water use. As part of our efforts to address climate change, we design and install water treatment systems for our customers, enhancing their ability to manage water resources effectively and reduce environmental impact.

Our Plant Operations team actively monitors water consumption through regular data collection from water meters, analysing trends to set efficiency targets and swiftly implementing conservation measures when deviations occur. This not only enhances operational efficiency but also presents opportunities to reduce environmental impact and optimise resource use.

To maintain regulatory compliance, we closely monitor water discharges, conducting monthly water quality checks at our primary operating site in Kerteh, Terengganu, to meet Malaysian government standards. Additionally, to safeguard employee health and safety, our cooling tower water treatment systems are designed to prevent the growth of Legionella bacteria, ensuring a safe workplace and minimising health risks.

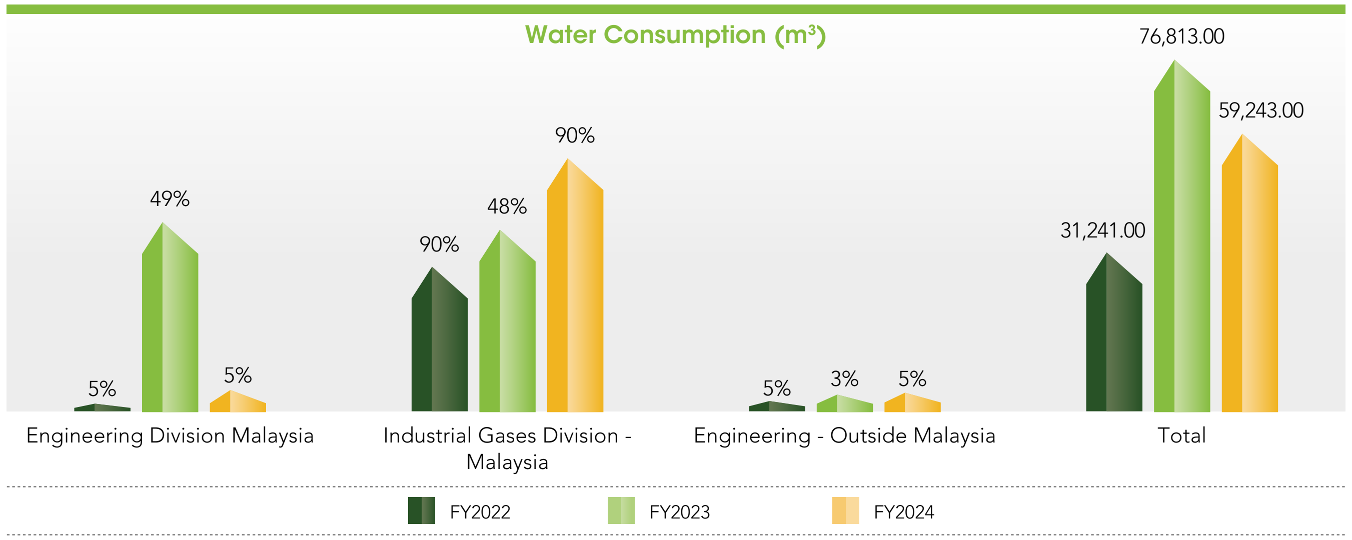
Although our operations are located in regions not classified as water-stressed or scarce, we recognise the intrinsic value of water and the potential risks posed by climate change, such as changing rainfall patterns and extreme weather events. As part of our long-term strategy, we remain committed to optimising water usage and exploring opportunities to implement technologies that enhance resilience against future water-related challenges. This proactive approach reflects our dedication to sustainability, environmental stewardship, and the protection of natural resources.

**Water Withdrawal**

Our primary water source is municipal potable water, drawn from local reservoirs. We do not utilise surface water (rivers, lakes, or ponds), groundwater (wells), or external wastewater. In FY2024, Kelington's total water withdrawal amounted to 59,243m³.

| Water Withdrawal by sources | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Surface water from rivers, lakes, natural ponds | m³ | 0 | 0 | **0** |
| Groundwater from wells, boreholes | m³ | 0 | 0 | **0** |
| Used quarry water collected in the quarry | m³ | 0 | 0 | **0** |
| Municipal potable water | m³ | 31,241 | 76,813 | **59,243** |
| External wastewater | m³ | 0 | 0 | **0** |
| Harvested rainwater | m³ | 0 | 0 | **0** |
| Sea water, water extracted from the sea or the ocean | m³ | 0 | 0 | **0** |
| **Total Water Withdrawal** | m³ | 31,241 | 76,813 | **59,243** |

### Water Consumption




The analysis shows that 90% of the Group's total water consumption in FY2024 was attributed to the Industrial Gases division. As this division represents the bulk of water usage, Kelington has been monitoring water intensity for this segment since FY2020.

### Water Intensity

In our Industrial Gases division, we measure water efficiency using water intensity parameters, assessing the water consumption required to generate RM1 million in EBITDA.

In FY2024, with the $LCO_2$ business division's EBITDA growing by 53%, overall water consumption increased by 46%. However, water intensity improved by 4.5%, demonstrating enhanced efficiency despite higher usage.

| Industrial Gas Division - Target 2030 | Unit of measure | FY2022 | FY2023 | FY2024 (New Baseline) |
|---|---|---|---|---|
| **Reduce water intensity by 5%** | m³ / RM'million EBITDA | 1,508 | 1,153 | **1,101.4** |

### Water Discharge & Environmental Compliance

Water discharge does not inherently translate to greater environmental impact; rather, its effects depend on discharge quality and the sensitivity of receiving water bodies.

Our $LCO_2$ manufacturing facilities in Kerteh generate a high volume of water discharge, which is non-hazardous and does not require treatment. This water is safely channeled to drains, eventually flowing into rivers and the sea. We conduct quarterly monitoring in accordance with the DOE's Environmental Management Plan, ensuring compliance with environmental regulations.

In FY2024, we recorded zero incidents of non-compliance, with no penalties related to water supply and discharge.

| Water Discharge by destination | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| Ocean total discharge | m³ | 0 | 0 | **0** |
| Surface water total discharge | m³ | 31,241 | 76,813 | **59,243** |
| Subsurface / well total discharge | m³ | 0 | 0 | **0** |
| Off-site water treatment total discharge | m³ | 0 | 0 | **0** |
| Beneficial / other use total discharge | m³ | 0 | 0 | **0** |
| **Total Water Discharge** | m³ | 31,241 | 76,813 | **59,243** |





## S4 Support Biodiversity

### Our Commitment to Biodiversity

Biodiversity plays a crucial role in maintaining functioning ecosystems, providing essential services such as oxygen production, clean air and water, pollination, pest control, and wastewater treatment.

Kelington recognises that economic activities and population growth can contribute to pollution and climate change, which pose risks to biodiversity.

As part of our commitment to environmental protection and biodiversity preservation, we integrate systematic management approaches to minimise our operational impact. Our Sustainable Development Position Statement reaffirms this commitment, ensuring that our business activities align with responsible environmental stewardship.

### Key Initiatives & Strategies for Biodiversity Conservation

Kelington actively implements various strategies to mitigate biodiversity impacts and contribute to conservation efforts. We integrate biodiversity considerations into our environmental management systems to identify and address potential impacts. Through stakeholder engagement, we collaborate with government agencies and NGOs to support biodiversity conservation and promote sustainable practices. Environmental Impact Assessments ("EIA") are conducted for new projects to understand local ecosystems and implement effective mitigation measures. Additionally, we participate in reforestation and habitat restoration projects to enhance biodiversity and support ecosystem sustainability.

### Biodiversity Conservation Targets & Progress

| Goal | Key Initiatives | Progress |
|---|---|---|
| **Generate Positive Biodiversity Impacts** | Tree planting & habitat restoration projects. | A total of 470 new trees have been planted since FY2021. |

While none of our operational sites are located within or adjacent to protected areas or biodiversity hotspots, we are committed to minimising our impact. Apart from our major gas plant in Kerteh, most of Kelington's operations take place at customer premises or within industrial zones.

At our Kerteh site, we assign local employees to monitor and manage our biodiversity impact through a structured approach. This includes conducting regular environmental audits that assess water quality, air quality, and noise levels, as well as implementing pollution prevention and mitigation measures to ensure compliance with local regulatory standards. Additionally, we perform monthly monitoring of air and water quality, particularly in nearby rivers, and submit quarterly Environmental Monitoring and Auditing Reports to Malaysia's Department of Environment ("DOE") to uphold our commitment to environmental stewardship.

In FY2024, all environmental test results remained within government-mandated limits, with zero negative feedback or penalties from authorities.

**Continuous Participation in Conservation Efforts**

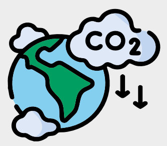

**Tree Planting at Taman Botani Shah Alam**

In 2024, Kelington organised a tree-planting initiative at Taman Botani Shah Alam to support urban reforestation and ecological conservation. With the participation of 20 dedicated employees, we successfully planted 200 native tree species, contributing to:

**Restoring local biodiversity by creating habitats for birds, insects, and small mammals.**

**Enhancing urban green spaces to improve air quality and mitigate the heat island effect.**

**Strengthening carbon sequestration efforts, aligning with our broader climate action strategy.**




This initiative reflects our commitment to biodiversity conservation, reinforcing our role in protecting ecosystems and fostering a healthier environment for future generations.





## Care for People

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

We Care for People

### Our Commitment

At Kelington, our people are our greatest asset. We are dedicated to fostering a workplace that prioritises well-being, growth, diversity, and human rights. By ensuring a safe, inclusive, and empowering environment, we nurture talent, uphold fundamental rights, promote equal opportunities, and drive meaningful contributions to human development and prosperity.

## S5 Occupational Safety & Health

At Kelington, the safety and well-being of our employees are our top priorities. We recognise that a safe workplace is essential not only for protecting our workforce but also for fostering a productive and sustainable environment. As a leader in engineering and the industrial gas industry, we acknowledge the unique risks associated with our industry and are committed to implementing comprehensive safety protocols to effectively mitigate these risks.

Our commitment to safety is reinforced by our adherence to ISO 45001:2018, an internationally recognised standard for occupational health and safety management systems. This certification reflects our proactive approach to enhancing workplace safety. As of 31 December 2024, 87% of our operations sites are certified. Notably, our operations in Taiwan are in the process of obtaining certification.

In alignment with the United Nations Sustainable Development Goal ("SDG") 8, which emphasises safe and secure working environments, our approach to workplace safety extends beyond compliance. We continuously strive to enhance our safety systems, adopt industry best practices, and invest in ongoing training and resources to create a safe, healthy, and empowering workplace for our employees, contractors, and stakeholders.

### ISO 45001:2018 Occupational Health and Safety Management Systems ("OHSMS") Certification across Kelington Group

| Activities | Workplaces | Percentage of sites covered by recognised OHSMS | Occupational Health & Safety Management System |
|---|---|---|---|
| • Installation of gas and chemical distribution systems<br>• Design & construct specialised facilities<br>• Design & construct mechanical and electrical systems<br>• Fabrications | Customers' site (Singapore) | 100% | • ISO 45001:2018 certified since December 2020* |
| | Customers' site (China) | 100% | • Certified to OHSAS 18001:2007 from June 2019 to June 2020<br>• ISO 45001:2018 certified since August 2020* |
| | UHP Fabrication Facilities (China) | 100% | • ISO 45001:2018 certified since July 2020* |
| | Customers' site (Malaysia) | 100% | • Certified to OHSAS 18001:2007 from July 2014 to Sept 2019<br>• ISO 45001:2018 certified since July 2020* |
| | Customers' site (Taiwan) | 0% | • Adapting safety & health standards to ensure workplace safely and target to obtain ISO 45001:2018 certification by end of FY2025 |
| • Manufacturing and trading of industrial and specialty gases | Manufacturing Facilities-Malaysia | 100% | • Certified to ISO 45001:2018 in year 2024* |

**Note: Regular audit was performed by the certification institution on annual basis to verify Kelington's conformity to the certification criteria of ISO 45001:2018. Continual improvement is an on-going process via internal audits and regular reviews of safety & health performance.*





### Governance and Policies

At Kelington, our core belief — "Safety First, Quality Always" — guides every aspect of our operations. We are fully committed to safeguarding the health and safety of our employees, contractors, and the public who may be affected by our activities. Safety is a fundamental pillar of our risk management framework, overseen by the Board of Directors.

Our Safety and Health Policy applies to all operations, projects, and workplaces across Kelington's business. It establishes clear responsibilities for management, employees, and subcontractors in ensuring a safe and healthy work environment.

We are committed to:

- Preventing accidents, injuries, property damage, and occupational illnesses through proactive risk management.
- Ensuring compliance with national regulatory requirements and international safety standards, including ISO 45001:2018.
- Embedding a culture of safety through continuous hazard identification, risk assessment, and employee education.
- Engaging with stakeholders to promote best practices and enhance workplace safety.
- Driving continuous improvement in our Occupational Safety and Health Management System ("OSHMS") to adapt to emerging risks and industry advancements.

By fostering a strong safety culture and prioritising risk prevention, we aim to minimise workplace hazards, ensure regulatory compliance, and sustain long-term business success. Beyond compliance, our commitment to OSH presents opportunities to enhance operational efficiency, reduce incident-related costs, strengthen our corporate reputation, and attract top talent by fostering a safe and trusted workplace.

# SUSTAINABILITY STATEMENT

## Kelington's Safety Governance Structure

### Leadership & Oversight

**Board of Directors**

The Board plays a critical role in driving occupational health and safety by setting strategic direction through safety policies aligned with long-term business goals. It provides oversight and governance on health, safety, and environmental matters, ensuring that safety initiatives support business objectives and risk management strategies. Through the Risk Management Committee ("RMC"), the Board reviews OSH risks and mitigation measures to enhance workplace safety. Additionally, it holds management accountable for safety performance, conducting quarterly reviews of key metrics to ensure continuous improvement and compliance with safety standards.

**CEO**

As both CEO and a Board member, Ir. Gan involves driving a strong safety culture by fostering a safety-first mindset across the organisation. The CEO devises and oversees the implementation of occupational health and safety programs while managing OSH risks. Additionally, in collaboration with the Executive Management Committee, the CEO ensures the effective allocation of resources to support OSH initiatives, reinforcing the company's commitment to workplace safety and compliance.

### Risk Management & Accountability

**Executive Management Committee ("EMC")**

The EMC plays a vital role in executing the Board's safety policies by ensuring their effective implementation across the organisation. It provides operational oversight, integrating safety measures into all business functions to maintain a safe and compliant work environment. Through proactive management, the EMC ensures that occupational health and safety remain a core priority in daily operations.

**Group Safety & Health Division led by Safety & Health Officer (Certified Greenbook Holder)**

The Safety & Health ("S&H") Officer is responsible for developing and enforcing safety policies that align with regulatory requirements, ensuring compliance across the organisation. They organise and facilitate safety training, audits, and inspections to enhance workplace awareness and adherence to safety protocols. Additionally, the S&H Officer tracks and analyses incidents, implementing corrective actions to prevent recurrence. To strengthen workplace resilience, they also develop and maintain emergency response plans, ensuring preparedness for potential workplace emergencies.

### Implementation & Continuous Improvement

**Regional Safety & Health Lead**

The Regional Safety & Health Lead ensures localised safety management by tailoring safety policies to comply with regional regulations. They provide safety training, support incident analysis, and assist in maintaining regulatory compliance across operations. Additionally, they play a key role in incident and risk management by investigating workplace accidents and implementing preventive measures to enhance overall safety performance within their region.

**On-Site Safety & Health Committee ("SHC")**

The On-Site SHC plays a crucial role in maintaining a safe work environment by identifying and preventing hazards through regular workplace inspections and safety improvements. It ensures compliance with OSH standards by conducting training sessions and toolbox meetings to reinforce safety awareness. Additionally, the committee reviews workplace incidents, investigates accidents, and reports safety concerns to management, fostering a proactive approach to risk mitigation and continuous improvement in workplace safety.

**All Employees & Workers**

All employees and workers play a fundamental role in maintaining a safe workplace by adhering to established safety procedures and using the required protective equipment. They are also responsible for actively contributing to hazard prevention by promptly reporting any safety risks, accidents, or near misses. By staying vigilant and committed to safety protocols, employees help foster a culture of accountability and continuous improvement in workplace health and safety.

SUSTAINABILITY STATEMENT

## OSH Risk Management

### A) Risk Identification

At Kelington, we identify and manage critical risks such as exposure to hazardous gases, falls from height, electrical hazards, and fire risks. We use a structured approach to assess risks at all project stages, including new operations, large-scale projects, and ongoing activities. Risks are identified through regular HIRARC (Hazard Identification, Risk Assessment, and Risk Control) assessments, site inspections, and feedback from employees and subcontractors.

The HIRARC committee evaluates risks based on project scope, risk matrix, timelines, and required approvals. This process is reviewed annually or as needed when new work processes emerge. The committee is responsible for identifying potential hazards, assesses risks, and develops mitigation strategies to ensure workplace safety.

Findings from these assessments are communicated to all relevant stakeholders — including management, employees, subcontractors, regulators, and customers — to enhance awareness and accountability.

High-consequence hazards identified within our operations include falls from height, electrocution, exposure to flammable materials, and the risk of machinery toppling. These hazards pose significant safety risks, requiring strict control measures and continuous monitoring to ensure a safe working environment.

In 2024, we reported zero accidents related to these hazards, reflecting the effectiveness of our proactive safety measures. Our assessments identified 427 potential hazards, with 34% classified as medium risk and one high-risk hazard linked to an endemic disease. By implementing additional controls, we reduced the medium-risk hazards to 32%, further enhancing workplace safety.

### B) Risk Mitigation

Once risks are identified, we implement proactive measures to mitigate or eliminate them through key safety policies. The *Stop Work Policy* empowers employees to halt work if unsafe conditions arise, while the *Bad Weather Policy* ensures necessary work adjustments during adverse weather conditions. The *Whistleblowing Policy* promotes transparency and accountability in safety reporting, and the *Drug-Free Environment Policy* reinforces a workplace free from drugs. Additionally, the *Hazard Reporting Policy* ensures immediate reporting of identified hazards, and the *Sexual Harassment Policy* encourages reporting of any incidents, ensuring appropriate action is taken to maintain a safe and respectful work environment.

**Permit to Work ("PTW") System**

For high-risk and non-routine tasks, a PTW system ensures safety measures are in place before work begins. This includes Job Hazard Analyses and Work Method Statements, reviewed and approved by our Safety & Health division.

**Training & Personal Protective Equipment ("PPE")**

Regular safety training ensures that employees and subcontractors have the necessary knowledge to work safely. The training covers hazard communication, PPE usage, and emergency response protocols. Mandatory PPE is provided to minimise exposure to risks.

**Emergency Preparedness**

Our Emergency Response Team is trained to handle workplace emergencies, executing the Emergency Response Plan ("ERP"). Drills are conducted at least once a year, and ERP updates reflect evolving safety protocols and best practices.

**Audits & Inspections**

Scheduled and surprise safety audits are conducted by trained officers to identify hazards, ensure compliance, and verify the effectiveness of safety measures. Immediate corrective actions are taken when issues arise.

**Hazardous Materials Management**

Strict procedures govern the handling, storage, and disposal of hazardous substances. Employees working with hazardous materials receive specialised training and PPE. Safety Data Sheets are readily available for reference.

**Safety & Health Committees ("SHC")**

Our SHC comprising management, employees, and subcontractors — meet at least quarterly to review safety performance, evaluate risks, and discuss improvements.

**Management of Change**

Any changes to operations or projects undergo a risk assessment before implementation. This proactive approach ensures new risks are identified and mitigated before they escalate.

## SUSTAINABILITY STATEMENT

### C) Incident Reporting and Investigation

At Kelington, we mandate the prompt reporting and thorough investigation of all safety incidents and near-misses to foster a proactive and safe work environment. Our robust incident and accident reporting procedure requires that all incidents, regardless of severity, are immediately reported to line management.

Our Safety and Health division oversees the investigation process, ensuring a thorough root cause analysis is conducted and that corrective or preventive actions are effectively implemented. Meanwhile, the on-site SHC actively participates in reviewing and investigating workplace accidents and incidents. Their role is crucial in identifying root causes and recommending corrective actions, ensuring that safety concerns are addressed at the grassroots level and strengthening our overall risk management framework.

Lessons learned from incidents are shared with employees and subcontractors through toolbox meetings ("TBM"), safety newsletters, posters, and Safety and Health Communication Reports. This approach fosters a culture of safety by encouraging swift action and preventive measures. Additionally, formal reviews of incidents are conducted during quarterly Safety, Health, and Environment committee meetings and annual management review meetings. These sessions provide an opportunity to evaluate trends, assess the effectiveness of corrective actions, and identify continuous improvements in safety practices.

In FY2024, we recorded zero major incidents or injuries, reflecting the effectiveness of our safety initiatives and commitment to workplace safety.

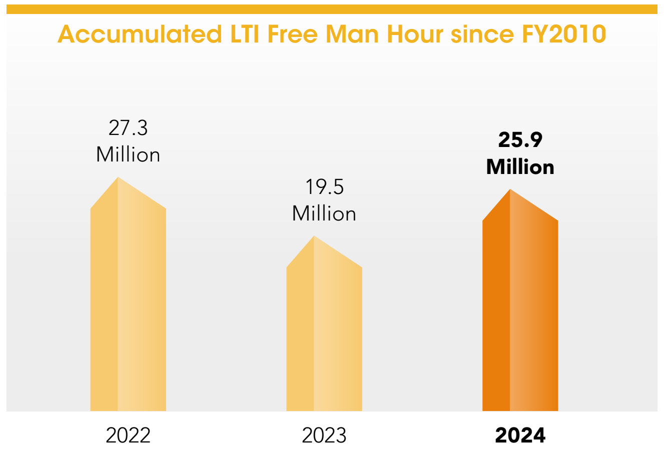
**Safety Milestone and Performance**

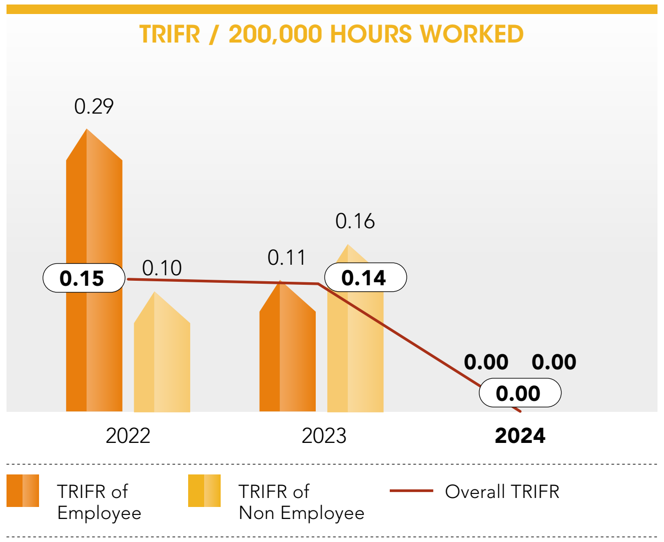
| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| (i) | **Zero** work-related fatality | unit | Zero | Zero | **Zero** |
| (ii) | Year-on-year improvement of total recordable incident frequency rate ("TRIFR") | Number of recordable injuries per 200,000 hours worked | 0.15 | 0.14 | **0** |

| Key Metrics | All Employees[(1)] | | | All workers who are not Employee[(2)] | | |
|---|---|---|---|---|---|---|
| | FY2022 | FY2023 | FY2024 | FY2022 | FY2023 | FY2024 |
| **Work-related injuries:** | | | | | | |
| Number of fatality[(3)] as a result of work-related injury | 0 | 0 | **0** | 0 | 0 | **0** |
| Number of high-consequence work-related injury | 0 | 0 | **0** | 0 | 0 | **0** |
| Number of recordable work-related injury | 2 | 1 | **0** | 2 | 4 | **0** |
| Number of lost time[(4)] injury | 0 | 0 | **0** | 0 | 3 | **0** |
| Lost Time Incident Rate ("LTIR") | 0 | 0 | **0** | 0 | 0.12 | **0** |
| Total Recordable Injury Frequency Rate ("TRIFR") | 0.29 | 0.11 | **0** | 0 | 0.16 | **0** |
| Near Miss Reporting Rate[(5)] | 0.29 | 0.34 | **0.23** | 0.20 | 0 | **0.04** |
| Number of hours worked | 1,400,120 | 1,741,838 | **1,757,477** | 3,940,817 | 5,158,312 | **4,653,468** |

*Notes:*
*(1) All individuals who are employed by the company, including both permanent and contract employees regardless of their job function or whether they work full-time or part-time.*
*(2) All individuals who were working as contractors for the company, regardless of the specific project they were working on.*
*(3) An injury leading to immediate death or death within one year from the date of the accident.*
*(4) Lost days (consecutive or not), counted from and including the day following the day of accident, includes injury, diagnosis or occupational poisoning and occupational disease measured in calendar days, the employee was away from work.*
*(5) A higher number of reported near misses indicates a stronger safety culture, as it reflects proactive hazard identification and risk prevention.*






We report our health and safety data in accordance with the internationally recognised ISO 45001 standard, with annual verification conducted through independent third-party audits. These external validations reinforce our commitment to maintaining a safe and healthy workplace while fostering trust among employees, stakeholders, and the community.

The Total Recordable Injury Frequency Rate ("TRIFR") for both employees and non-employees is calculated by dividing the total number of recordable work-related injuries by the total number of hours worked, then multiplying by 200,000 hours. Our regional offices report this data monthly, covering all Kelington employees and contractors, with no exclusions.

We are proud to share that our dedication to safety has led to a significant milestone — achieving zero fatalities and accumulating 25.9 million safe man-hours since FY2010. Our TRIFR has shown consistent year-on-year improvement, declining from 0.14 per 200,000 hours worked to zero in FY2024.

Additionally, our accident rate has improved significantly, dropping to zero per 1,000 employees — a remarkable achievement compared to the old baseline (FY2019) of 2.81 accidents under Malaysia's Occupational Safety and Health Master Plan 2021–2025 (OSHMP25). This result is well below the OSHMP25 target of 2.13 accidents by 2025, underscoring our strong commitment to workplace safety.

**Lost Time Injuries ("LTI")**

In FY2024, we are proud to report zero Lost Time Injuries ("LTIs") across all operations, a notable improvement from the previous year, which recorded three LTI cases. This achievement highlights the effectiveness of our proactive safety measures, including:

- Rigorous risk assessments
- Enhanced employee training programs
- Active workforce engagement in safety culture

The consistent decline in LTIs underscores our commitment to workplace safety and the success of our preventive actions in fostering a safer working environment.

### Recognition and Awards

We are proud that our commitment to upholding the highest standards of quality, safety, and professionalism has been recognised through the CIDB SCORE program. The Construction Industry Development Board ("CIDB") Malaysia has awarded Kelington's operations in Malaysia a prestigious 4-star rating in recognition of our excellence.

In FY2024, Kelington Group was privileged to receive safety accolades from esteemed customers, reaffirming our strong safety track record. Notably, we were honored with the SUPERIOR GOLD Award at the 20th MOSHPA OSH Excellence Awards for OSHE Management in EPCC. This esteemed recognition reflects our unwavering dedication to protecting the health and safety of our employees and all stakeholders involved in our operations.

Each award and expression of appreciation from our stakeholders is a testament to the dedication and hard work of our entire team in fostering a safe and healthy work environment. We remain steadfast in our commitment to upholding the highest safety standards and will continue prioritising the well-being of all individuals across our operations.









### Health & Safety Training and Awareness

Health and safety training is a cornerstone of our commitment to creating a safe and healthy workplace. Regular training sessions, on-the-job training and toolbox talks are integral to our approach, providing employees with both foundational knowledge and situational insights.

Our mandatory training sessions conducted in FY2024 include:

- Hazard Communication
- Chemical Safety
- Personal Protection Equipment ("PPE")
- Fire Prevention & Emergency Evacuation
- Working at Heights & Fall Protection
- First Aid, CPR & AED
- Fire Watcher
- Flagman & Spotter
- Workplace Ergonomics
- Health Awareness
- Scaffold Safety
- Electrical Safety & Equipment Use

To address the unique challenges of high-risk tasks, specialised training is also provided to employees involved in activities that require heightened safety measures. These include:

- Confine Space
- Authorised Entrant & Standby Person
- Mobile Elevated Work Platform ("MEWP")
- HAZMAT
- Lifting Safety
- Rigging & Slinging

In year FY2024, we delivered health and safety training to 311 employees, underscoring our dedication to ensuring a safe working environment.

| KE's Operational Countries | Total No. of Employee Trained: Health & Safety | Total No. of Employee Trained: General Training which includes Safety |
|---|---|---|
| Malaysia | 181 | 76 |
| Singapore | 64 | 37 |
| China | 52 | 47 |
| Taiwan | 14 | N/A |
| **Total** | **311** | **160** |

## Health & Safety Campaign

As part of our ongoing commitment to engaging employees and reinforcing safety practices, we successfully conducted several Health & Safety campaigns in FY2024. These campaigns not only raised awareness but also fostered a strong safety culture across the organisation.

**Safety & Health Campaign on Teamwork & Communication**

Through interactive games and activities, we emphasised the importance of collaboration and effective communication in maintaining workplace safety. Employees gained a deeper understanding of how strong teamwork helps reduce risks and prevent accidents.



**World Day for Safety and Health at Work**

To mark this important day, we raised awareness about how climate change affects workplace safety. We focused on how rising temperatures and other environmental changes can increase health risks for workers and create new safety challenges.



KE Singapore: Quiz event was held to assess how well workers retained key safety information shared during daily TBM. This initiative reinforced safety practices and encouraged workers to actively engage with and apply these lessons on-site, contributing to a safer work environment.






**We Care Pack - Promoting a culture of safety**

KE Singapore : As part of our ongoing commitment to employee well-being, the "We Care Pack" is distributed to all workers every month. Each pack is thoughtfully prepared and includes a selection of snacks, fresh fruits, and beverages, accompanied by a heartfelt care note.

Our Safety Says Board serves as a daily reminder of key safety practices and commitments in the workplace.


## Safety Recognition Program

We recognise and reward employees who consistently uphold safety standards, fostering a culture of responsibility and pride in the workplace. Outstanding safety performers are acknowledged for their dedication through meaningful rewards, such as food vouchers and hampers. This program reinforces safety as a core value and motivates everyone to prioritise safe practices in their daily work.



**Free LTI Man Hour Celebration**

Milestones achieved for man-hours without Lost Time Injuries ("LTI") are celebrated with events that reinforce our collective commitment to safety and recognise the hard work and dedication of all team members.

## Health Program

At Kelington, we prioritise building a healthy workforce, and our Human Capital Strategy reflects this commitment. Our employment packages include a range of entitlements and benefits designed to enhance employee well-being and support work-life balance. We provide health care insurance and medical coverage for accidents and hospitalisation to all employees, along with subsidies for qualifying family members.

To ensure employees have access to immediate medical care, we have established first aid rooms and deployed medical professionals at project sites. This proactive approach reinforces our commitment to employee health and welfare.

In FY2024, we organised a series of health-focused programs to raise awareness and encourage employees to prioritise their well-being:

**Health Screening**

KE Malaysia: Employees were invited to participate in free basic health screenings, including consultations with healthcare professionals to address any health concerns.

KE China: To promote early detection and prevention of health issues, the company provides annual body check-ups for eligible employees, ensuring they receive regular health assessments.

**Anti-Smoking and Vape Campaign**

Project Site, Malaysia: This campaign raised awareness about the harmful effects of smoking and vaping while providing resources and support to help employees quit.





**Mental Health and Well-Being**

As part of our OSH commitment, we recognise that mental well-being is just as critical as physical safety in fostering a productive and resilient workforce. We are proud to align our workplace mental health initiatives with Malaysia's National Strategic Plan for Mental Health 2020–2025, which emphasises the importance of fostering mental health awareness, reducing stigma, and integrating mental health support in workplaces. By embedding mental well-being into our OSH strategy, we create a workplace culture that prioritises health, inclusion, and resilience, ensuring our employees feel safe, supported, and empowered to thrive.

We are committed to fostering a holistic approach to employee well-being through initiatives that support both mental and physical health. Our Psychology-On-Call program offers employees up to five complimentary sessions annually with licensed practitioners, promoting mental wellness and reducing stigma. Additionally, our onsite and virtual health seminars provide essential health education, including cancer awareness sessions and Pink October initiatives for breast cancer awareness. By integrating these programs into our workplace culture, we align with national health priorities and empower our employees to take charge of their well-being.

*In KE Malaysia, we invited representatives from Pejabat Kesihatan Daerah to conduct a mental health awareness session, providing practical advice on managing stress and enhancing overall well-being. In KE Singapore, we organised mental health awareness sessions for project workers.*

*Through our Psychology-On-Call sessions and health seminars, we provide accessible mental health support and preventive health education, ensuring a workplace where employees feel supported, informed, and empowered.*

*Our inclusive Zumba sessions promote physical fitness, reduce stress, and foster camaraderie, reinforcing the link between physical health and mental well-being in the workplace.*

**Exhibition on Aedes Mosquito Prevention and Dangers of Smoking**

Kulim & Shah Alam, Malaysia: Exhibition was held to raise awareness about the health risks of smoking and the importance of preventing Aedes mosquito-related diseases.

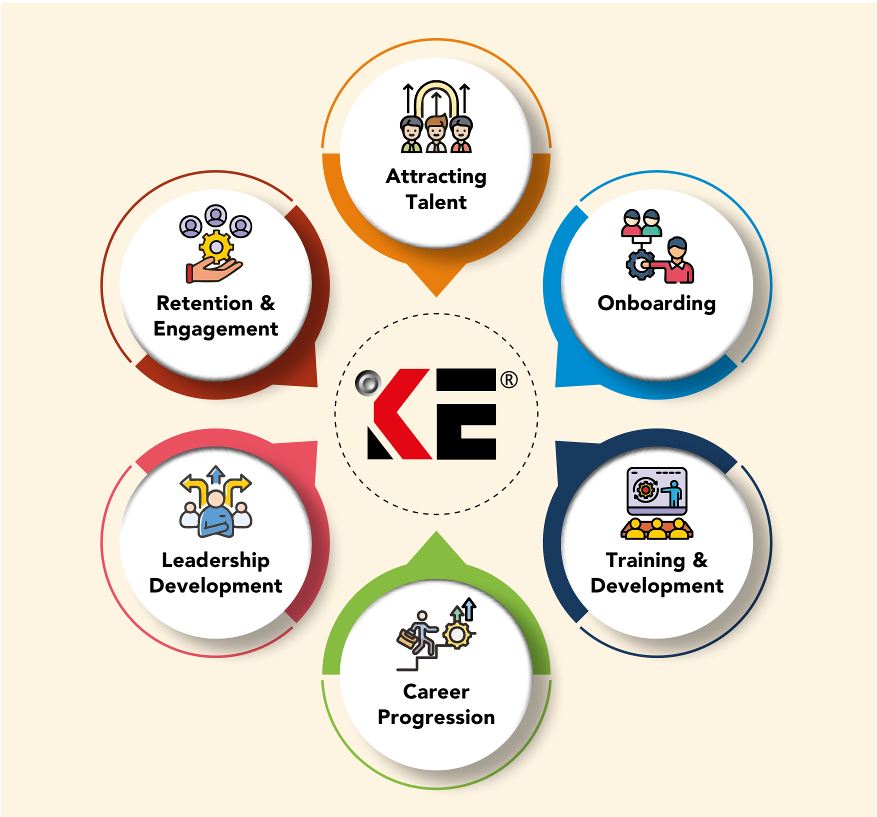

This holistic approach reflects our dedication to fostering a safe, healthy, and supportive work environment. By embedding occupational health and safety into our ESG strategy, we not only safeguard our employees but also enhance operational resilience and long-term sustainability. Our commitment to continuous improvement, compliance with industry best practices, and proactive risk management ensures that safety remains at the core of our corporate culture.

## S6 Talent Management & Development

### Building a High-Performing Workforce for Global Growth

At Kelington, our talent management and development strategy is designed to attract, develop, engage, and retain top industry professionals. Employees are our greatest asset, and their growth fuels our innovation, sustainability, and global expansion. By investing in training, career development, and leadership programs, we ensure a high-performing, diverse workforce capable of meeting business challenges and driving long-term success.

To foster a supportive, growth-oriented environment, we focus on enhancing engagement, productivity, and career progression. Employees who feel connected to the organisation are more motivated, committed, and inspired to contribute.




Our Talent Management & Development Process follows a structured approach that begins with attracting top professionals who align with our values and goals. Through a seamless onboarding process, we ensure a smooth transition with structured orientation and training programs. We then focus on continuous training and development, providing targeted learning opportunities to enhance skills and competencies. Clear career progression pathways support personal and professional growth, while retention and engagement efforts foster a culture where employees feel valued, supported, and motivated to contribute long-term. Additionally, our leadership development initiatives cultivate future leaders through mentorship and strategic training.

By following this structured approach, we empower employees to excel in their roles, acquire new skills, and progress in their careers. This commitment strengthens our workforce, enhances stakeholder confidence, and ensures our continued growth and sustainability.

**Succession Planning**

Succession planning at KGB is a strategic approach to ensuring the company's future success by identifying and nurturing high-potential talent to fill critical roles. By preparing potential leaders through targeted development and education, we create a pipeline of successors capable of driving innovation and sustaining operational excellence.

The process begins with identifying key roles essential to the company's operations and long-term goals, followed by rigorous evaluations to ensure selected individuals are ready to step into leadership positions. To bridge skill gaps, potential successors are provided with development opportunities, such as executive courses, to equip them with the knowledge and global perspective required for leadership.

Beyond leadership, we invest in the skills and growth of all employees through training programs and cross-functional learning, empowering them to take on greater responsibilities. Our efforts focus on building a strong talent pipeline, ensuring Kelington is adaptable and resilient, while reinforcing our commitment to continuous development for both the company and its workforce.





**Governance**

At Kelington, the governance of Human Resources ("HR") is structured to align with the company's strategic goals, ensuring the effective integration of HR strategies and talent development into broader business objectives. The Group HR Manager reports directly to both the CEO and COO, fostering seamless communication and alignment between HR initiatives and organisational leadership.

The Board of Directors plays a vital role in overseeing the HR strategy, ensuring it aligns with Kelington's vision and long-term goals. This governance structure encourages a proactive approach to talent management, enabling Kelington to attract, develop, and retain top talent while maintaining a focus on sustainable growth and organisational success. The Board also discusses ESG topics biannually, providing strategic direction on talent management and development.

Our Group HR function takes ownership of employee engagement initiatives, holding teams accountable by setting clear goals, monitoring progress, and regularly evaluating outcomes. Senior management, in collaboration with Group HR, defines clear, measurable objectives aligned with Kelington's strategic vision. Group HR is responsible for designing comprehensive programs aimed at attracting, developing, and retaining top talent. To support these initiatives, Group HR ensures adequate resources—including budget, time, and technology—are allocated effectively.

In FY 2024, Group HR review and enhance key programs such as the onboarding process, continuous learning opportunities, mentorship initiatives, and succession planning. The Executive Management Committee has established key performance indicators ("KPIs") and metrics to track the effectiveness of talent management strategies, focusing on employee turnover rates, engagement survey results, and training completion rates, ensuring continuous improvement and alignment with our strategic objectives.

**Talent Attraction & Development: Driving Innovation and Sustainability**

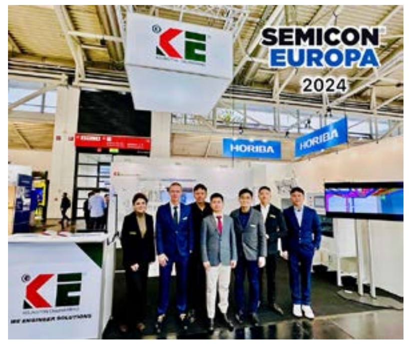
At Kelington, we recognise that talent fuels innovation, sustainability, and long-term success. Our commitment to attracting, developing, and retaining top talent ensures we build a high-performing workforce capable of driving business growth and societal progress.

To cultivate a future-ready talent pipeline, we actively engage with top Malaysian universities, offering internships, campus fairs, and final-year project collaborations. These initiatives not only create career opportunities for students but also strengthen industry-academic partnerships, inspiring young professionals to build meaningful careers with Kelington.


**Enhancing Our Employer Brand**

To remain competitive in the global job market, we continuously invest in employer branding strategies. Our Employee Referral Program will leverage the networks of our workforce to attract exceptional, like-minded professionals, further reinforcing our strong talent pool.

At SEMICON Europa 2024, Kelington Engineering (Germany) GmbH showcased its expertise in advanced technologies and sustainability-driven innovations. Engaging with industry leaders and global talent at this prestigious event enhanced our visibility as an employer of choice in a dynamic, competitive market.



### Building a Future-Ready Workforce

Hiring and developing local talent is a key part of our growth and sustainability strategy. By supporting government initiatives, we contribute to reducing unemployment and fostering a skilled, resilient workforce. Through strategic partnerships, innovative hiring, and continuous development, we are creating a workplace where potential is realised, innovation thrives, and sustainability drives long-term success. These initiatives enable us to attract top-tier candidates who will support Kelington's expansion and leadership in the industry.


## Employee Training & Development

At Kelington, we are committed to fostering the growth of our employees through structured training programs, career development initiatives, and continuous learning opportunities. Our training efforts are strategically aligned with the company's objectives and the Board's vision, ensuring that employees gain the skills and knowledge needed to contribute meaningfully to our success.

To support professional growth, we offer specialised upskilling programs, tailored career pathways, and diversity and inclusion strategies that attract and retain top talent. By leveraging diverse learning platforms and personalised development plans, we equip our workforce with the tools needed to excel in a rapidly evolving industry.

As a global company, we extend our talent development initiatives beyond borders, providing employees with opportunities for international exposure through career mobility programs, cross-border training, and hands-on experience in different markets. This approach enhances their capabilities, broadens their perspectives, and prepares them for leadership roles in a globalised environment.

By investing in continuous learning and professional development, we cultivate a dynamic, multicultural workforce that drives innovation and strengthens collaboration. Our commitment to talent development not only supports Kelington's business expansion but also contributes to knowledge exchange and workforce growth in the regions where we operate.

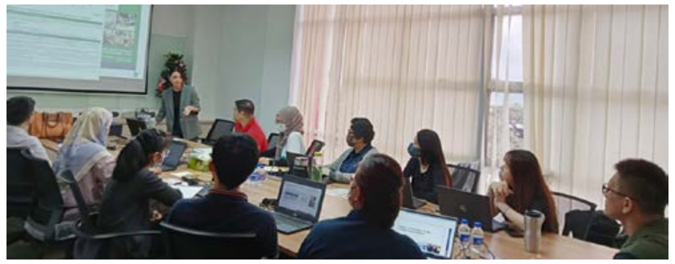
### Strengthening Leadership for Sustainable Growth

Leadership is a cornerstone of our talent management strategy. We offer structured programs such as Essential Managerial Skills Training to build foundational leadership capabilities and Strategic Planning to equip leaders with a comprehensive, step-by-step approach to organisational strategy. These initiatives empower employees with the skills to lead effectively, make informed decisions, and drive strategic growth. By cultivating leadership potential, we ensure a strong pipeline of future leaders who will propel the company toward long-term success.

### Job-Relevant Training: Building Expertise for Excellence

To uphold the highest standards of quality and performance, we provide targeted, job-specific training designed to enhance employee expertise. Our workforce benefits from specialised programs such as Engineering Design Module, Welding Machine Operation, Food Safety and Quality Awareness, Project Management Professional ("PMP") Certification, Halal Competency Training, and Managing Carriage of Goods & Incoterms for Import & Export.

By equipping employees with industry-relevant skills and certifications, we empower them to excel in their roles while driving operational efficiency and compliance. Continuous upskilling ensures our teams remain at the forefront of their professions, reinforcing stakeholder confidence in our ability to consistently deliver exceptional results.







### Beyond the Job Scope: Expanding Knowledge Horizons

We go beyond traditional job-specific training by providing programs that equip employees with valuable cross-functional skills. Our in-house training sessions, such as *Financial Knowledge for Non-Financial Staff*, empower employees from engineering and other departments to develop a strong understanding of key financial concepts.

This initiative cultivates a well-rounded, knowledgeable workforce capable of making informed decisions beyond their immediate roles. It reflects our commitment to holistic employee development, fostering a culture of continuous learning, adaptability, and strategic thinking across all levels of the organisation.

### Exposure to Conferences: Broadening Perspectives

Growth extends beyond the workplace. We provide employees with opportunities to engage with emerging industry trends and expand their knowledge by attending key conferences such as the Chief People Summit, Digital Transformation Conference, Occupational Safety & Health Conference, and Investor Day.

These experiences offer valuable insights, networking opportunities, and exposure to the latest advancements, empowering employees to stay ahead in their fields. This commitment reflects our dedication to fostering continuous personal and professional growth, ensuring our workforce remains innovative and future-ready.

### Our Promise: Growing Together

At our core, we see our employees not just as workers, but as partners in progress. Beyond job-specific training, we are committed to fostering a workplace where everyone feels valued, empowered, and inspired to thrive. This dedication reflects our deep appreciation for our employees' contributions and our unwavering support for their ambitions. We strive to cultivate an environment where individuals feel recognised, supported, and motivated to bring their best selves to work every day. Their success is our success, and together, we are shaping a future we can all take pride in.

## Employee Retention & Engagement

At Kelington, employee retention and engagement are fundamental pillars of our talent development strategy. We understand that retaining top talent and fostering high levels of engagement are crucial to our long-term success. Our initiatives are designed to create a positive, supportive environment where employees feel valued, motivated, and committed to both their personal growth and the company's mission.

### Competitive Compensation and Benefits

We offer a comprehensive and competitive compensation package that recognises and rewards our employees' contributions. In addition to attractive salary offerings, we go beyond mere compliance by providing extensive benefits, including generous annual leave, participation in Employee Share Scheme, health and wellness programs, performance bonuses and other incentives, ensuring that our employees feel appreciated and supported in both their professional and personal lives.

Engineers on site or outstation enjoy various employee benefits tailored to their needs and roles such as provision for hostel and meal allowances, as well as transport arrangement. We provide insurance coverage and out-patient medical coverage to ensure our employees have access to the care they need, promoting their health and well-being.


*Celebrating excellence and team spirit with our annual Company Reward Trip, recognising top performers and loyal employees for their outstanding commitment and drive.*

### Career Development and Progression Opportunities

We are dedicated to providing clear career progression pathways that empower employees to take ownership of their professional development. Through regular performance reviews, mentoring programs, and personalised development plans, we help our employees set and achieve their career goals, ensuring they have the tools and support needed to grow within the organisation.

### Work-Life Balance and Flexibility

We recognise the importance of work-life balance and offer flexible work arrangements to accommodate employees' personal needs. Through remote work options and flexible hours, we ensure our employees can maintain a healthy balance between their professional and personal lives, contributing to greater satisfaction and long-term commitment.


*Kelington Engineering & Puritec Family Fun Day at Wild Wild Wet! A day filled with laughter, water games, and great food, bringing our teams and families closer together.*






*Strengthening teamwork and camaraderie! Our team in ChuZhou, China came together for an engaging team-building activity, fostering collaboration, trust, and a shared commitment to excellence.*

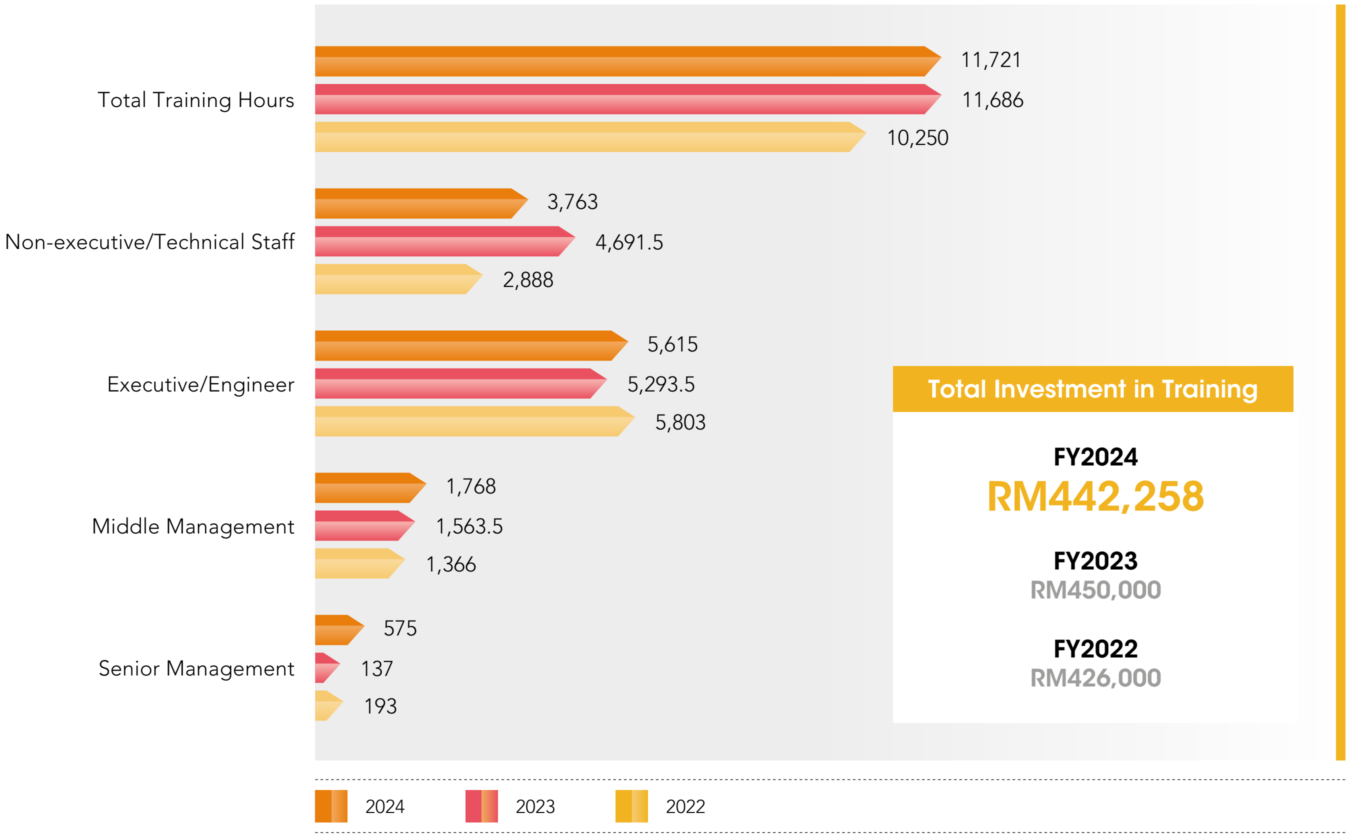
### Employee Recognition and Reward Programs

Employee recognition is at the heart of our engagement strategy. We celebrate the achievements and contributions of our employees through various recognition programs, ranging from formal awards to informal appreciation initiatives. By consistently acknowledging their hard work and accomplishments, we foster a culture of appreciation that boosts morale and encourages continued excellence.

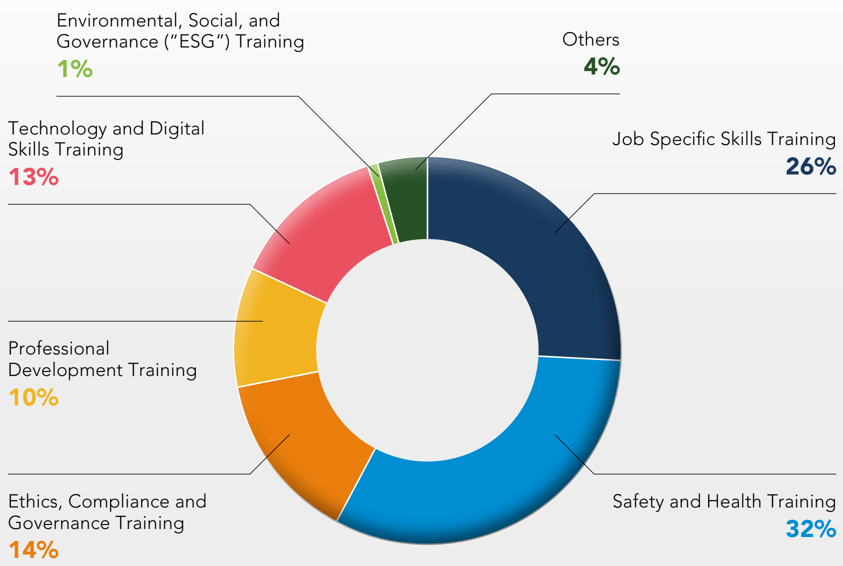
**Training & Development Metrics**

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| | **Average Training Hours per employee** | | | | |
| (i) | Ensure an average of **20 training hours** per employee per year by 2030. | Average training hours each employee receives annually | 15.1 | 15.5 | **14.8** |
| | **Employee Satisfaction Rate** | | | | |
| (ii) | Maintain at least **85%** Employee Satisfaction Rate | % | N/A | N/A | **88%** |

In FY2024, our Group invested RM442,258 in training and development, ensuring that every employee had access to at least one structured learning opportunity. Employees collectively recorded 11,721 training hours, averaging 14.8 hours per employee.




Training hours by Training Type




In FY2024, our training programs focused on enhancing employee skills. Safety and Health training accounted for the highest proportion of training hours at 32%, reinforcing our commitment to a safe and healthy workplace. Job-Specific training followed at 26%, ensuring employees have the skills needed for their roles. Moving forward, we will continue investing in job-specific skills and expand training in technology and digital skills to stay competitive.





**Employee Satisfaction & Workplace Engagement**

| 88% | 86% | 84% | 92% |
|---|---|---|---|
| Employee satisfaction | Employee engagement | Workplace vibes | Personal growth |

As part of our commitment to cultivating a positive and engaging workplace, we conducted an Employee Satisfaction & Workplace Engagement Survey to gauge overall satisfaction, identify strengths, and uncover areas for improvement. The insights guide strategic decisions to enhance engagement, job satisfaction, and workplace morale. Our latest survey recorded an 88% overall satisfaction rate, reflecting a highly engaged and motivated workforce.

Our employee engagement rate stands at 86%, reflecting pride in work, alignment with our vision, and a sense of empowerment. With an 84% workplace vibes rating, we foster a culture of collaboration, inclusivity, and open communication, creating a strong sense of belonging. Additionally, 92% of employees rate personal growth positively, recognising opportunities for career development, constructive feedback, and skill enhancement.

These results reflect a highly engaged workforce and reinforce our commitment to a thriving, inclusive, and growth-driven workplace. Moving forward, we will enhance these aspects through targeted initiatives, continuous feedback, leadership engagement, and professional development—ensuring our people remain at the heart of our success.

**Employee Turnover rate**

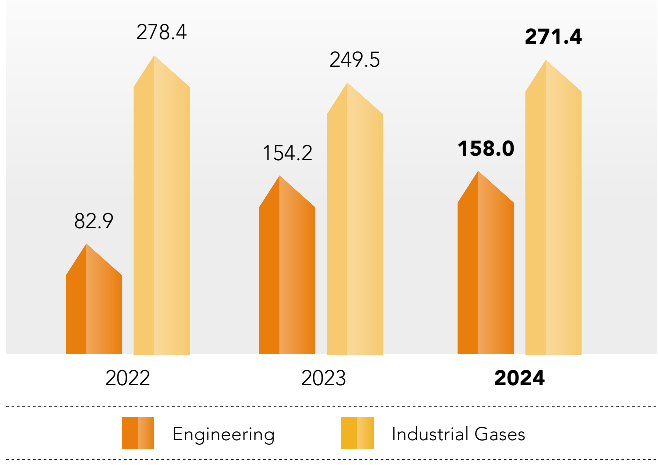
At Kelington, we recognise that employee retention is a key indicator of workplace satisfaction and organisational stability. In FY2024, our overall employee turnover rate improved to 14.26%, down from 18.1% in FY2023. This reduction reflects the success of our strategic initiatives in talent retention, employee engagement, and career development. By fostering a positive work environment and implementing targeted programs to enhance job satisfaction, we have strengthened workforce stability.

Moving forward, we remain committed to investing in our people through continuous refinement of our talent development strategies, strengthening employee engagement, and enhancing career growth opportunities. Our goal is to maintain a turnover rate below the industry benchmark while ensuring long-term organisational growth and sustained performance.

**Employee Productivity**

Through our talent development programs, we strive to enhance employee efficiency and create a high-performing workplace. We measure productivity using value-added per employee, calculated by dividing the company's profit after tax ("PAT") by the total number of employees.

Value Added Per Employee (RM'000)




In FY2024, our Engineering division's value-added per employee increased by 3% to RM158,005, while the Industrial Gas division saw a 9% rise to RM271,407 per employee. This growth reflects improved efficiency and a stronger focus on value-driven activities, enhancing productivity and contributing to the Group's profitability.

**Empowering Talent for the Future: Innovation, Culture, and Growth**

Looking ahead, our HR strategy is centered on driving talent development and boosting employee productivity by embracing cutting-edge technologies. By integrating these technologies into our workflows, we aim to empower employees with smarter tools, fostering innovation and operational efficiency. Alongside this, we are committed to redefining our company culture and strengthening our employer brand to create an environment where personal growth, collaboration, and continuous improvement thrive. This vision will not only help us attract and retain top talent but also ensure that our employees have the skills they need to excel in an increasingly dynamic landscape.

The fast-evolving business environment presents challenges that demand agility, adaptability, and a strong focus on continuous learning. To stay ahead, we are committed to fostering a data-driven culture, leveraging technology, and embracing diversity in all forms. While we acknowledge that employee mindsets can sometimes resist change, we are focused on reshaping these mindsets by promoting a growth-oriented culture that values flexibility and open-mindedness. Through targeted training, leadership development, and transparent communication, we will guide our employees through these transitions and ensure they are equipped to face the challenges of tomorrow with confidence and resilience.

## S7 Diverse and Inclusive Workplace

### Fostering a Diverse and Inclusive Workplace

At Kelington, we firmly believe that employees are our most valuable asset, and the key to building a sustainable business lies in empowering our people. We are committed to promoting diversity, non-discrimination, fair treatment, and equal opportunities, ensuring a healthy, secure, and motivated workforce through an inclusive organisational culture.

Our ESG framework includes diversity metrics, equal opportunity measures, and risk mitigation strategies to ensure accountability and compliance.

By embedding diversity, equity, and inclusion into our corporate strategy, we enhance employee engagement, foster innovation, and strengthen business resilience, positioning Kelington as a forward-thinking and responsible employer in the global marketplace.

### Commitment to Workforce Diversity & Equal Opportunity

Kelington's Diversity, Equity, and Inclusion ("DEI") Policy underscores our commitment to embedding diversity across all aspects of employment. Our diversity initiatives extend across various aspects of the employee experience, including recruitment and selection, where we ensure fair and unbiased hiring practices, and compensation and benefits, upholding equal pay for equal work. We also prioritise professional development and training to provide growth opportunities for all employees, while fostering a merit-based advancement system through fair promotions and career progression. Additionally, our workplace policies are designed to ensure non-discrimination and maintain a safe, inclusive work environment.

### Enhancing Gender Diversity

| | | Progress | | |
|---|---|---|---|---|
| | **Target 2030** | **FY2022** | **FY2023** | **FY2024** |
| | **Gender Diversity** | | | |
| (i) | Achieve at least 30% female representation within the organisation [Executive level & above]. | 27% | 28.6% | **34.4%** |
| (ii) | Maintain 30% female directors on Board. | 20% | 20% | **30%** |

### Workplace Inclusion & Employee Well-Being

Kelington fosters an inclusive workplace by promoting cross-cultural collaboration, diversity training, and inclusive training and development programs. We also provide channels for employees to raise concerns regarding discrimination, harassment, or bullying through our Grievance Process. Any violations of the DEI Policy are taken seriously, with appropriate disciplinary action, up to and including termination.





### Bringing Diversity, Equity, and Inclusion to Life

At Kelington Group Berhad, Diversity, Equity, and Inclusion ("DEI") are not just principles—we integrate them into our everyday workplace culture. We believe that fostering an inclusive and dynamic environment where every individual feels valued, respected, and empowered is essential to our collective success.

Our workforce reflects Malaysia's multicultural diversity, and we actively promote unity through meaningful initiatives and celebrations. We organised a Ramadan Buffet and Raya Open House, bringing employees together to foster camaraderie and strengthen mutual respect across cultures. Additionally, our Durian Fiesta provided an opportunity for employees to bond over a uniquely Malaysian experience, reinforcing our commitment to both cultural appreciation and local economic support.

By embracing and honoring diverse traditions and celebrations, we create a workplace where employees feel a sense of belonging, deepening our collective bond and reinforcing Kelington's commitment to a truly inclusive and engaged workforce.

### Fostering Inclusion Through Shared Experiences

At Kelington, we create inclusive workplace events that foster connection, collaboration, and cultural appreciation. Our Annual Dinner brought employees together across regions, featuring multilingual announcements, diverse cuisines, and special recognition for D.E.I. champions.

Beyond celebrations, we encourage team bonding through sports activities, promoting health, teamwork, and inclusivity. By engaging in friendly competitions and group fitness events, employees build stronger relationships, enhance collaboration, and create a more connected workplace. These initiatives reflect our ongoing efforts to embed inclusivity into every aspect of our organisation.

### Supporting Inclusivity Through Workplace Facilities

As part of our commitment to D.E.I., we provide dedicated facilities, including a Surau for prayer and a breastfeeding room, ensuring a supportive and accommodating workplace. These spaces cater to the religious, cultural, and personal needs of our employees, reinforcing our commitment to respect and inclusivity. By fostering an environment that prioritises well-being and equal access to resources, we empower our people to thrive both personally and professionally.

### Equity in Action

Equity is at the heart of our D.E.I. strategy, ensuring fairness, opportunity, and inclusivity for all employees. We are dedicated to creating a workplace where every individual feels valued, respected, and empowered to grow professionally.

To support this commitment, we implement open dialogue sessions, an Employee Insights Liaison (Anonymous Feedback Platform), and employee recognition programs, fostering an environment where diverse voices are heard, concerns are addressed, and contributions are acknowledged.

By embedding equity-driven initiatives into our workplace culture, we cultivate an environment where all employees have the resources and support needed to thrive and succeed.

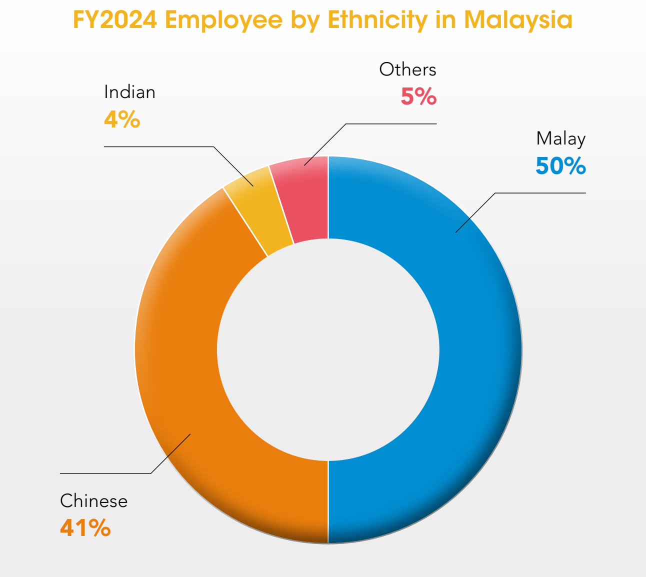
Detailed analysis of KGB's workforce is tabulated as below:-

| | Unit of measure | FY2022 | | FY2023 | | FY2024 | |
|---|---|---|---|---|---|---|---|
| Full time employees | Number | 568 | 83% | 635 | 84% | **673** | **85%** |
| Contract staff | Number | 113 | 17% | 121 | 16% | **117** | **15%** |
| Total Workforce | Number | 681 | 100% | 756 | 100% | **790** | **100%** |
| No. of full time employees resigned during the year | Number | 110 | | 115 | | **96** | |
| Permanent Employee Turnover Rate | % | 16.22 | | 18.11 | | **14.26** | |
| **Total number of employee turnover by employee category** | | | | | | | |
| Senior Management | Number | 1 | | 0 | | **1** | |
| Middle management | Number | 2 | | 2 | | **15** | |
| Engineers/ Executive | Number | 43 | | 52 | | **51** | |
| Operators/Technicians/ Non Executive | Number | 64 | | 61 | | **29** | |
| **Employee Turnover Rate by geography** | | | | | | | |
| Malaysia | % | 11 | | 7 | | **11** | |
| Singapore | % | 16 | | 26 | | **20** | |
| China | % | 24 | | 20 | | **14** | |
| Taiwan | % | 0 | | 0 | | **0** | |
| **No. of employee with disability** | Number | 0 | | 0 | | **1** | |
| **No. of employee by gender** | | | | | | | |
| Male | Number | 519 | 76% | 578 | 76% | **596** | **75%** |
| Female | Number | 162 | 24% | 178 | 24% | **194** | **25%** |

| | Unit of measure | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|
| **No. of Female Employees by category** | | | | |
| Senior management | % | 11 | 11 | **4** |
| Middle management | % | 20 | 19 | **23** |
| Engineers/ Executive | % | 31 | 33 | **43** |
| Operators/Technicians/ Non Executive | % | 19 | 18 | **15** |
| Local Employment Rate | | | | |
| Employees who are Local (Malaysian) | % | 60 | 61 | **59** |
| No of employees who are foreigner (non Malaysian) | % | 40 | 39 | **41** |
| **Percentage of employees by age group and employee category** | | | | |
| **Senior Management** | | | | |
| Under 30 | % | 0 | 0 | **0** |
| Between 30-50 | % | 52.38 | 52.60 | **65.38** |
| Above 50 | % | 47.62 | 47.40 | **34.62** |
| **Middle Management** | | | | |
| Under 30 | % | 5.68 | 8.30 | **5.22** |
| Between 30-50 | % | 80.68 | 84.40 | **82.61** |
| Above 50 | % | 13.64 | 7.30 | **12.17** |
| **Engineer/ Executive** | | | | |
| Under 30 | % | 56.89 | 52.20 | **47.58** |
| Between 30-50 | % | 40.64 | 45.00 | **47.98** |
| Above 50 | % | 2.47 | 2.80 | **4.44** |
| **Non-executive/ Technical Staff** | | | | |
| Under 30 | % | 35.98 | 41.70 | **43.64** |
| Between 30-50 | % | 58.48 | 54.70 | **50.62** |
| Above 50 | % | 5.54 | 3.60 | **5.74** |
| **Percentage of employees by gender and employee category** | | | | |
| **Senior Management** | | | | |
| Male | % | 90.48 | 89 | **96** |
| Female | % | 9.52 | 11 | **4** |
| **Middle Management** | | | | |
| Male | % | 79.55 | 81 | **77** |
| Female | % | 20.45 | 19 | **23** |
| **Engineer/ Executive** | | | | |
| Male | % | 69.26 | 67 | **57** |
| Female | % | 30.74 | 33 | **43** |
| **Non-executive/ Technical Staff** | | | | |
| Male | % | 80.62 | 82 | **85** |
| Female | % | 19.38 | 18 | **15** |

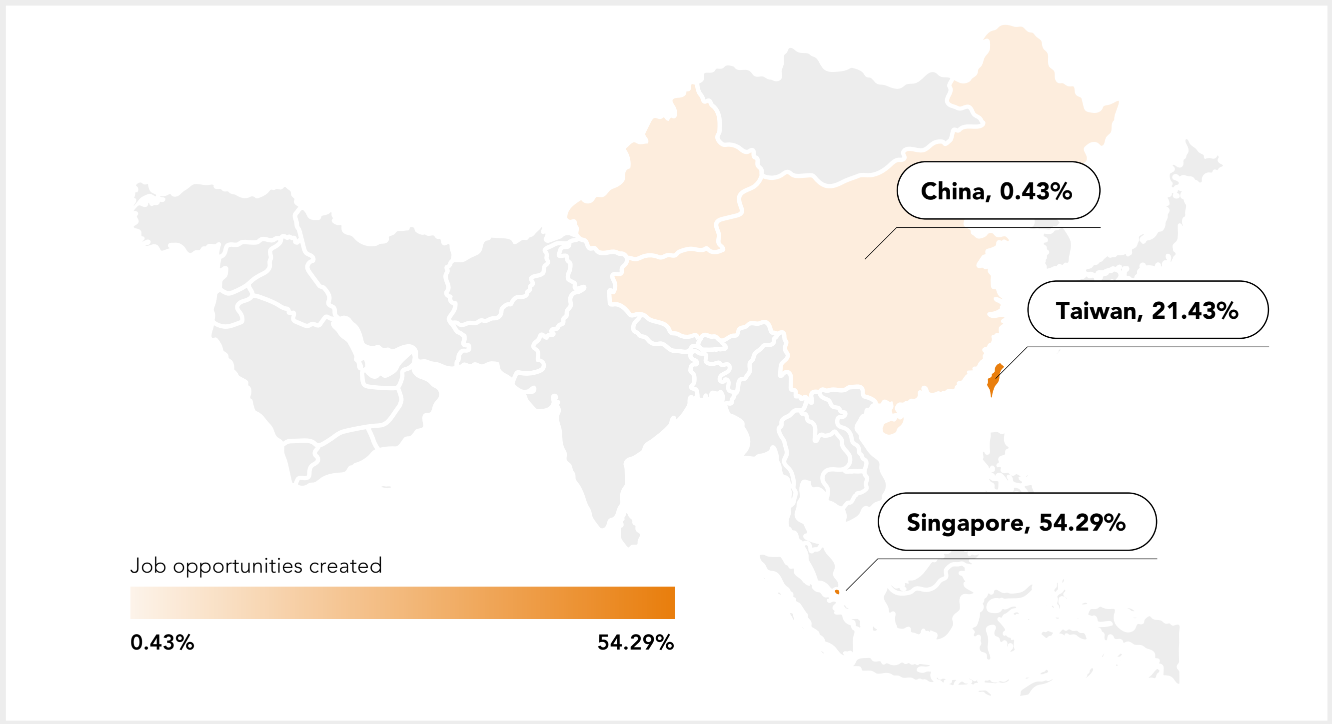
## SUSTAINABILITY STATEMENT

### Ethnic Diversity in Our Workforce




We are committed to fostering a diverse and inclusive workplace that reflects Malaysia's rich multicultural landscape. Our workforce comprises 50% Malay, 41% Chinese, 4% Indian, and 5% from other ethnic backgrounds, reflecting our commitment to equitable opportunities. Embracing diversity helps Kelington cultivate a dynamic, collaborative environment that drives innovation, strengthens our culture, and supports sustainable growth.

### Job Opportunities Abroad



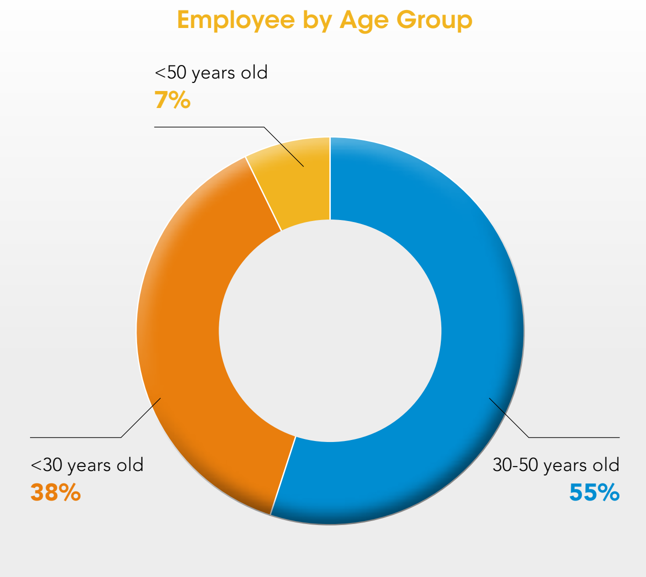

As part of our commitment to developing a strong and diverse workforce, we continue to create international opportunities for Malaysian talent. In FY2024, 54% of our Malaysian hires were placed in Singapore, 21% in Taiwan, and 0.4% in China. This reflects our strategic efforts to strengthen regional expertise, enhance cross-border collaboration, and position Malaysian professionals for growth in key international markets.

Overall, our workforce distribution in FY2024 was 29% in China, 22% in Singapore, and 2% in Taiwan, reflecting our strategic expansion and job creation efforts. By fostering a diverse team across key markets, we contribute to regional employment, business resilience, and long-term sustainability.



SUSTAINABILITY STATEMENT

### Workforce Age Demographics




In FY2024, our workforce combined experience with emerging talent. 55% of employees were aged 30 to 50, providing a strong mix of expertise and leadership. 38% were under 30, reflecting our commitment to attracting and developing young talent. Meanwhile, 7% were above 50, contributing valuable industry knowledge and mentorship. This balanced age distribution fosters sustainable workforce development, ensuring both continuity and innovation as we grow.

## S8 Respect Human Rights

### Respecting Human Rights at Kelington

At Kelington, we recognise that human rights are fundamental to dignity, fairness, respect, and equality. Upholding these principles is integral to our business operations, and we are committed to protecting human rights within our organisation and across our supply chain.

In FY2021, we established our Human Rights Policy, which serves as the foundation for our commitment to equality, fair labour practices, and a zero-tolerance stance on child and forced labour. To further strengthen this commitment, we have implemented Grievance Procedures that enable employees, workers, and external stakeholders to raise concerns regarding work conditions, discrimination, or other human rights issues. These mechanisms — accessible via multiple channels, including email, hotlines, and direct submissions to Kelington's headquarters or subsidiaries — not only address risks but also present opportunities to improve our practices through transparent dialogue and accountability. The public can also use these channels to report concerns related to their dealings with Kelington.

### Human Rights Governance & Management

The Board of Directors oversees the implementation of our Human Rights Policy, while the Executive Management Committee is responsible for key decisions related to its execution. The Sustainability Working Group collaborates across departments to address risks associated with discrimination, working hours, wages, occupational health and safety, sexual harassment, and compliance with labour regulations. Addressing these risks allows us to safeguard employee well-being while enhancing organisational resilience and operational excellence.

Guided by the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, we operate under a framework that prioritises the protection of human rights , ensuring both compliance and the opportunity to create a more inclusive, respectful, and fair workplace. Our Respect Human Rights Framework focuses on three core areas:

- Discrimination Prevention
- Fair Working Conditions
- Employee Well-being and Safety

## SUSTAINABILITY STATEMENT

### Identifying Human Rights Risks in Our Supply Chain

We recognise that human rights risks in the supply chain can arise from labour conditions, ethical sourcing, subcontractor practices, and regulatory compliance gaps. These risks include forced or child labour, particularly in high-risk regions, unfair wages and excessive working hours, where non-compliance with wage laws or excessive overtime may occur, and unsafe working conditions due to suppliers failing to meet occupational health and safety standards. Additionally, discrimination and harassment may persist in supplier operations, while limited grievance mechanisms can prevent workers from reporting concerns safely.

Addressing these risks also presents opportunities to strengthen our supply chain. By implementing fair labour practices, we can improve worker well-being and productivity. Enhancing ethical sourcing can boost brand reputation and stakeholder trust, while investing in supplier training can drive long-term compliance and operational efficiency. Additionally, establishing robust grievance mechanisms fosters a more transparent and responsible supply chain, ensuring both social impact and business sustainability.

### Managing Human Rights Risks

Kelington is committed to proactively identifying, assessing, and mitigating human rights risks across our operations and supply chain. Governance and oversight play a key role, with our Board ensuring adherence to the Human Rights Policy, while execution is overseen by the Executive Management Committee and Sustainability Working Group. We enforce a Code of Ethics and Conduct, requiring all relevant external providers to comply with labour laws, fair wages, and occupational health and safety regulations.

To strengthen awareness, we invest in training and capacity building for employees and suppliers on human rights, ethical labour practices, and workplace safety. Additionally, We conduct supplier due diligence through questionnaires, perform risk assessments and screenings, and arrange targeted audits for high-risk suppliers to ensure compliance with human rights standards. Lastly, we maintain whistleblowing and grievance mechanisms, providing confidential reporting channels for employees, suppliers, and workers to report violations without fear of retaliation. These measures ensure a responsible and sustainable supply chain while upholding human rights.

### Commitment to Continuous Improvement

Kelington upholds a zero-tolerance policy toward human rights violations, including forced labour, child labour, discrimination, and unsafe working conditions. Through ongoing monitoring, engagement, and strategic interventions, we strive to create a responsible, ethical, and sustainable business ecosystem.

We track key metrics to measure the effectiveness of our human rights initiatives and grievance mechanisms:-

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| | **Human Rights Violations** | | | | |
| (i) | **Zero substantiated complaints concerning human rights violations** | | | | |
| | Number of substantiated complaints concerning human rights violations. | unit | Zero | Zero | **Zero** |
| | **Labour Practices** | | | | |
| (ii) | **Zero incidents of unfair employment practices.** | | | | |
| | Number of incident of unfair employment practices. | unit | Zero | Zero | **Zero** |
| (iii) | **Zero reported cases of child labour, modern slavery, or forced labour within KGB Group & its supply chain.** | | | | |
| | Number of reported incidents of child labour and/or modern slavery and/or forced labour within the KGB or its supply chain. | unit | Zero | Zero | **Zero** |

In FY2024, we are pleased to report that there were no incidents of human rights violations within the organisation, and no fines were imposed related to human rights violations by local authorities. This outcome reflects our continued commitment to maintaining high ethical standards and fostering a workplace that upholds human rights.





## SUSTAINABILITY STATEMENT

### Care for Business

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

# Driving Integrity & Accountability

We Care for Business

"We drive sustainable solutions by fostering innovation and collaborating closely with our partners."

## S9 Sustainable Supply Chain

**WITH OPERATIONS SPANNING ACROSS FOUR KEY GEOGRAPHIES - MALAYSIA, SINGAPORE, CHINA, AND TAIWAN - KELINGTON HAS ACTIVELY ENGAGED WITH OVER 1,500 GLOBAL AND LOCAL EXTERNAL PROVIDERS IN OUR SUPPLY CHAIN DURING FY2024, PRIMARILY CONSISTING OF MATERIAL SUPPLIERS AND SUBCONTRACTORS.**

Given the diverse nature of our business, Kelington boasts a broad customer base spread across various geographies, primarily comprising multinational corporations committed to stringent standards in social, safety, health, and environmental practices. Aligning with these requirements, we ensure that our next tiers of suppliers and subcontractors uphold similar parameters.

Recognising the paramount importance of integrating sustainability into our operations, Kelington has embedded sustainability goals into our long-term strategy. We hold our external providers accountable for adhering to high standards, thereby fostering a cascade of sustainable practices throughout our supply chain.

Throughout FY2024, our focus remained steadfast on key areas including occupational health and safety, environmental protection, combating corruption, and upholding human rights. Additionally, we maintained rigorous tracking and monitoring mechanisms for local procurement, prioritising local sourcing whenever feasible to directly contribute to the economies of the regions where we operate.

### Governance and Oversight

Kelington's executive management committee are actively engaged in overseeing sustainable supply chain initiatives. Biannual updates on sustainability performance are presented at board meetings to ensure alignment with our strategic objectives.

Sustainable Supply Chain Working Group ("SSCWG") comprising representatives from the local procurement team oversees the implementation and monitoring of supply chain sustainability practices. The SSCWG has been tasked with advancing sustainability initiatives and engaging with our selected key external providers through formal and informal channels, ensures that our policies and initiatives are effectively executed across all regions





### Sustainable Supply Chain - Strategy and Policies

Kelington's sustainability goals focus on communicating ESG expectations to key external providers and supporting local procurement. We aim to ensure that all external providers comply with our ESG standards while maintaining local procurement at a minimum of 80%. Our Responsible Supply Chain Policy require suppliers to uphold high standards in ethics and corporate governance, environment , health and safety, human rights and labor practices.

Our key objectives include assessing the level of understanding among key external providers regarding sustainability practices and their ethical commitments, identifying any challenges they face in delivering supplies or services to our valued customers, managing supply chain risks and opportunities to ensure quality services and the fulfillment of contractual obligations, and providing assistance and support to help external providers advance their sustainability journey.

Through these efforts, we strive to build collaborative relationships, promote sustainable practices, and enhance the overall resilience and responsibility of our supply chain ecosystem. Kelington actively engages with suppliers through training programs, workshops, and collaborative projects to drive continuous improvement in sustainability practices.

### Supply Chain Risk and Opportunities

Proactively identifying, assessing, and mitigating supply chain risks is central to our management approach. We foster a culture of continuous improvement, driving operational excellence and innovation across our supply chain while exploring opportunities to create positive impacts.

Key risks include environmental degradation, labor rights violations, and corruption. To address these, we conduct regular risk assessments, implement supplier audits (for high-risk external providers as needed), and enforce due diligence processes and risk assessment frameworks. Our key external providers undergo regular evaluations to ensure compliance with our sustainability standards.

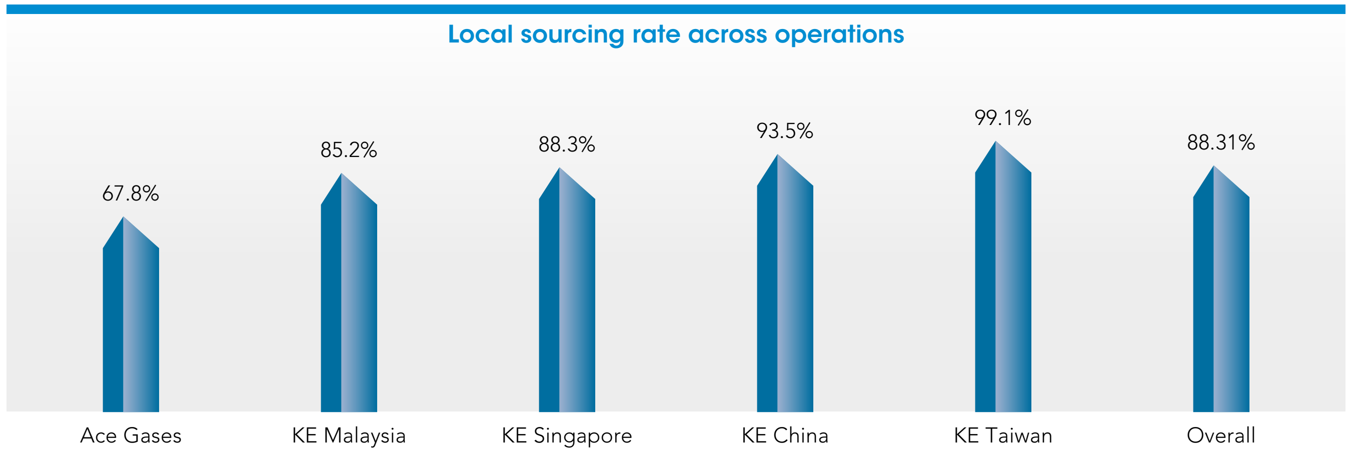
At the same time, we recognise opportunities to enhance supply chain resilience and performance by collaborating with high-tech partners and external providers who share our commitment to sustainability. This includes promoting fair labour practices and driving innovation in sustainable technologies and manufacturing processes, and upholding our commitment to Safety, Health, Environment, and Quality ("SHEQ") as well as anti-bribery principles.

By integrating sustainability principles into our supply chain strategy, we aim to minimise environmental impact, uphold regulatory compliance, and meet customer expectations for responsible sourcing and ethical manufacturing. Through this balanced approach, we strengthen partnerships, drive long-term value creation, and build a more resilient and responsible supply chain ecosystem.

### Supplier Sustainability & ESG Compliance

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| (i) | Maintain at least **80%** local sourcing | % | 90% | 82.6% | **88.3%** |
| (ii) | Ensure **100%** key external providers trained on Kelington's expectations. | % | 31% | 86% | **51%** |
| (iii) | Achieve **Zero** major non-compliance Incidents related to ESG aspects within our supply chain. | unit | Zero | Zero | **Zero** |

### Commitment to Local Sourcing and Supplier Engagement




At Kelington Group, we actively prioritise local sourcing to support homegrown businesses, drive economic growth, and maintain strong community relations. We seek opportunities to procure materials and services locally, providing favorable supply conditions such as flexible payment terms, technical assistance, and guidance to smaller external providers. Since our inception, we have nurtured lasting partnerships with local suppliers, leveraging our innovation network to drive sustained growth.

In FY2024, Kelington maintained a strong focus on local sourcing, with 88.3% of our suppliers being locally sourced. We engaged with more than 1,500 external providers and identified 68 key external providers who also serve our high-end multinational customers. As part of our ongoing commitment to enhancing supply chain sustainability, 35 key external providers participated in training sessions where we communicated our expectations, and 41 external providers submitted supplier due diligence questionnaires. These initiatives provided valuable insights into the ESG compliance levels across our key external providers, reinforcing our dedication to responsible and sustainable sourcing practices while effectively leveraging our current human resources.

To uphold the highest standards of integrity and corporate governance, Kelington has implemented adequate procedures that require all external providers to acknowledge reading and understanding our company's policies. Additionally, we request our external providers to sign an integrity pledge, reinforcing our shared responsibility in promoting ethical business practices and ensuring alignment with our values and expectations. These measures further enhance transparency and accountability, fostering a culture of trust and integrity throughout our supply chain.

As at 31 December 2024, we have received accumulated 618 integrity pledges and 718 external provider declarations, reflecting our ongoing commitment to promote ethical business practices and enhancing transparency across our supply chain.

### Bridging ESG Gaps in the Supply Chain: Empowering Local Subcontractors for Sustainable Growth

One of the significant challenges we face in supply chain management is the lack of resources among local subcontractors to effectively manage ESG initiatives. These subcontractors often prioritise cost control and project execution over sustainability efforts, which can lead to gaps in meeting our ESG standards. Addressing this challenge requires targeted support and training for local subcontractors to build their capacity in ESG management, ensuring that all parts of our supply chain can contribute to our sustainability objectives.

Kelington remains committed to fostering sustainable practices across our supply chain, supporting local economies, and ensuring compliance with high ESG standards. Our efforts are focused on building resilient, responsible partnerships that drive long-term growth and sustainability.





## S11 Governance & Ethics

### Sound Corporate Governance

Sound corporate governance is a material topic for Kelington, forming the basis for ensuring long-term viability and business growth. Kelington is committed to delivering sustainable value to our stakeholders, guided by the Malaysian Code on Corporate Governance. We ensure that the principles and best practices of good corporate governance are applied throughout the Group.

Our corporate governance framework and practices, detailed in the Corporate Governance Overview Statement on pages 137 to 165 of the Annual Report, demonstrate robust board and management accountability to our stakeholders.

### Commitment to Governance and Ethics

Kelington remains dedicated to upholding the highest standards of governance and ethics. Our objectives for FY2024 focus on strengthening our internal policies, enhancing training and communication, and maintaining a culture of integrity across the organisation.

### Managing Corruption Risk

To effectively manage corruption risk, we have implemented a structured approach that includes:

### Corruption Risk Assessment

At least once every three years, Kelington Group Berhad engages independent external consultants to conduct a comprehensive corruption risk assessment across the organisation. This process ensures that potential risks are systematically identified and addressed at a strategic level.

### Enterprise Risk Management & Internal Audit

As part of our ongoing risk management efforts, we engaged external consultants to conduct Enterprise Risk Management assessments and internal audits across our main subsidiaries in Malaysia, Singapore, and China. These assessments cover ESG risks, including corruption-related risks, ensuring that anti-corruption measures are effectively implemented and continuously improved.

As at 31 Dec 2024, Kelington Group do not have any active projects in countries ranked among the 20 lowest in Transparency International's Corruption Perceptions Index.

### Business Ethics and Policies

In adherence to the principles of sound corporate governance, the Board promotes a culture of integrity and ethical values. Kelington has established a Code of Ethics and Conduct, which includes the Whistleblowing Policy and No Gift Policy. This Code is applicable to all directors, employees within the Group, and third parties performing works or services for and on behalf of the Company. It governs the standard of behavior and ethical conduct expected from each individual to whom it applies.

Kelington has enforced several company codes and policies that establish the rules of conduct within the organisation, serving as the main points of reference for all who work for and with us. These codes and policies are available on the Company's website.

**Board Policy**

- Board Diversity Policy
- Remuneration Policy

**Corporate Code and Policies**

- Risk Management Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy
- Code of Ethics and Conduct for employees and third parties
- Corporate Disclosure Policy
- Conflict of Interest Policy
- Fit and Proper Policy
- External Auditors Policy

**Sustainability Policies**

- Sustainable Development Position Statement
- Environmental Policy
- Community Investment Policy
- Diversity, Equity and Inclusion Policy
- Human Rights Policy
- Responsible Supply Chain Policy
- Safety and Health Policy
- Quality Policy
- Drug Free Environment Policy
- Sexual Harassment Policy

### Annual Ethics Training

To reinforce the importance of ethical behavior, promote a culture of ethics, and mitigate risk, Kelington requires annual awareness training on ethics. In FY2024, the percentage of employees who received training on the Anti-Bribery and Corruption ("ABC") policy and risk management is detailed below:

| | Malaysia | Singapore | China | Taiwan |
|---|---|---|---|---|
| Director and Senior management | 100% | 100% | 100% | 100% |
| Middle management | 100% | 100% | 100% | 100% |
| Engineers / Executive | 100% | 100% | 100% | 100% |
| Operators / Technicians / Non Executive | 100% | 100% | 100% | 100% |

### Risk Management: Our Approach to a Better Business

Kelington integrates material sustainability topics into our overall risk management framework by identifying specific risks, opportunities, and key priorities to drive our strategic decisions. Sustainability risks are assessed from three key perspectives: firstly, by evaluating risks arising from external sources such as environmental trends, stakeholder expectations, and legal or regulatory developments; secondly, by assessing the potential social and environmental impacts of our operations; and thirdly, by identifying and reviewing new and emerging risks, both from external sources and within our organisation.

Examples of ESG-related risks considered in our risk profile include workplace injuries, waste and hazardous material disposal, collusion frauds, and supply disruption. More details on our risk management process can be found in the Annual Report on page 175.

### Whistleblowing and Incident Reporting

Violations of any codes and policies can be reported through established mechanisms.

| Application | Mechanisms |
|---|---|
| • Employee to raise their grievance in matters involving work relations and conditions. | **Grievance Procedures email:** grievance@kelington-group.com |
| • Member of the Public to raise any concern or complaint in their dealing with or in relation to Kelington Group. | **Grievance Procedures Hotline:** +603 7845 8751 |
| • Stakeholder / Public to report wrongdoings by any employees in the conduct of Kelington's business or affairs. | **Whistleblowing Email:** ccid@kelington-group.com |

In FY2024, no whistleblowing incidents were reported, reflecting the effectiveness of our policies and the commitment of our employees to uphold ethical standards.





### Targets and Metrics

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| | **Prevention of Corruption and Bribery** | | | | |
| (i) | **Zero**-incidence record for corruption and bribery cases, ensuring a continued commitment to ethical business practices. | unit | Zero | Zero | **Zero** |
| | **Employee Training on Anti-Bribery and Corruption (ABC) Policy and Risk Management** | | | | |
| (ii) | Ensure **100%** of employees are trained on the ABC Policy and risk management. | % | 100% | 100% | **100%** |
| | **Corruption Risk Assessment** | | | | |
| (iii) | Corruption-related risks are reviewed annually or/and periodic full assessments conducted where necessary, or at least once every three years. | % of operations reviewed annually for corruption risks / undergoing full corruption risk assessment | 100% | 100% | **100%** |

By setting these clear targets and metrics, Kelington reaffirms its commitment to sound corporate governance and high ethical standards, promoting transparency and accountability throughout the organisation.

In FY2024, there were no reported incidents of corruption and bribery; no employee dismissed due to non-compliance with ABC Policy; and no fines, penalties or settlements made in relation to corruption. Kelington Group also confirm that no political contributions were made during the year.

## S12 Economic Growth & Profitability

This journey reflects Kelington's resilience, strategic growth, and commitment to sustainability, driving outstanding financial and operational achievements:-

| Our Journey Towards Sustainability for a Greener Growth | | Revenue RM'000 |
|---|---|---|
| **2012** | Amid reduced capital expenditure in the global semiconductor industry, we recognised our revenue's overreliance on this sector. | 116,168 |
| **2016** | Ventured into industrial gas supply, complementing our strong engineering portfolio. | 343,344 |
| **2021** | In 2021, Kelington navigated challenging global conditions due to the COVID-19 pandemic while achieving record-high financial performance. The Group introduced Sustainability Policies and Guidelines, established a groupwide sustainability governance framework, and set a baseline for sustainability management. Additionally, Kelington was included in the FTSE4Good Bursa Malaysia Index and Shariah Index, reflecting its commitment to sustainable practices. | 517,825 |
| **2022** | Kelington experienced its most successful year yet, surpassing RM1 billion in revenue for the first time and securing record-breaking contracts. The Group also began developing a new on-site gas supply scheme to serve a semiconductor giant in Kulim, Kedah. | 1,278,837 |
| **2023** | Despite a downturn in the semiconductor market, Kelington achieved another record-breaking year with RM1.6 billion in revenue and surpassed RM100 million in net profit for the first time, marking a new financial milestone. | 1,614,449 |
| **2024** | Beyond our integrated engineering services, the industrial gases market remains a key growth avenue. The Group is actively exploring opportunities to enter the CCUS sector, reinforcing its commitment to sustainability and innovation in industrial gas solutions. | 1,272,169 |

Kelington's business success is built on the principle of sustainable, long-term value creation for all stakeholders. This is achieved by maintaining leadership in our core markets, embracing innovative technologies, leveraging the expertise of our workforce to address evolving customer needs, and strategically expanding into new markets. Our robust economic performance provides a solid foundation for consistently delivering excellence to our customers while driving sustainable growth. Detailed insights into our business model can be found on pages 22 to 23 of this Report.

Kelington's economic performance is underpinned by the effective utilisation of six interconnected capitals: Financial, Manufactured, Intellectual, Human, Social, and Natural. These capitals are central to our ability to create and deliver value. Guided by our commitment to sustainability, we implement targeted initiatives to enhance long-term value creation while minimising environmental and social impacts, in line with our ESG priorities.

For a detailed review of our economic performance, please refer to the audited financial statements and the Management Discussion and Analysis section in our FY2024 Annual Report.

## S13 Quality Products and Services

Kelington serves a diverse range of customers across various industries, all of whom demand high-quality products and services. Our commitment to excellence is demonstrated through our meticulous approach to work, which includes Ultra High Purity ("UHP") systems, construction management, and industrial gases supply. We prioritise safety, cost control, timely delivery, and precise specifications in all projects to meet and exceed client expectations.

Our Industrial Gas division reinforces our commitment to quality by ensuring that Liquid Carbon Dioxide ("$LCO_2$"), electronic gases, and all industrial gases meet the highest standards, tailored to the specific needs of our clients.

### Commitment to Quality and Customer Satisfaction

At Kelington, we are dedicated to upholding the highest quality standards across our operations. Through internationally recognised certifications, stringent quality management practices, and continuous customer feedback, we ensure the consistent delivery of high-quality products and services.

| Our Business Operations | Certification |
|---|---|
| Malaysia - Engineering | **ISO 9001:2015** |
| Malaysia - Ace Gases | **ISO 9001:2015, FSSC 22000, Halal certification (Jakim)** |
| Singapore - Engineering | **ISO 9001:2015** |
| China - Engineering | **ISO 9001:2015** |
| China - Manufacturing | **ISO 9001:2015, SEMI S2-0810E, SEMI S8-0218, equipment bears the CE marking** |
| Taiwan - Engineering | **ISO 9001:2015** |





### Risk and Opportunities related to Quality Products and Services

At Kelington, we recognise that maintaining high-quality products and services is essential for sustaining customer trust, protecting our reputation, and ensuring long-term business success.

We acknowledge that customer dissatisfaction and loss of trust can arise from low-quality products or unreliable services, potentially harming our brand reputation and customer retention. Poor product or project quality may also lead to financial losses and reputational damage.

To mitigate these risks, we prioritise stronger supply chain partnerships by working with qualified external providers to ensure consistent quality and long-term business resilience. Additionally, we continuously expand our engineering solutions to reduce environmental impact, enhancing brand value and attracting environmentally and socially conscious customers.

By embedding these principles into our operations, we reinforce our commitment to delivering high-quality, sustainable solutions that meet evolving market and regulatory expectations.

### Management Approach to Quality

To consistently uphold high-quality standards, Kelington adheres to international quality and food safety standards:

**Quality Management Systems:**
Our Engineering division, responsible for project management and construction, is ISO 9001 certified, demonstrating our dedication to quality management practices.

**Food Safety and Quality Certifications:**
Our Industrial gas manufacturing business, particularly serving the Food & Beverage industry, holds ISO 9001, FSSC 22000, and Halal certifications. These certifications underscore our commitment to food safety, quality, and compliance with religious dietary requirements.

### Ensuring Product and Service Excellence

We rigorously monitor and maintain product quality, ensuring compliance with the highest industry standards. Our Standard Operating Procedures are meticulously developed in alignment with our quality certifications to uphold consistency and excellence.

To drive continuous improvement, we actively gather customer feedback through non-conformity reports and corrective action requests, allowing us to identify and address quality concerns proactively.

Customer satisfaction is fundamental to our business continuity. By consistently meeting and exceeding customer expectations, we strengthen long-term relationships and secure both new and repeat business.

### Customer Satisfaction Survey

Our customer satisfaction survey serves as a key tool to evaluate the critical factors influencing customer in their choice of a business partner or long-term supplier. The survey assesses performance across several key areas:

- Timeliness and Reliability of Product/Service Delivery
- Quality of Products and Services
- Responsiveness to Customer Needs
- Communication with Customers
- Compliance with Safety and Environmental Standards

By systematically analysing customer feedback, we continuously refine our practices, enhance service delivery, and drive sustainable business growth.

### Targets and Metrics

Customer satisfaction rate is a valuable metric for Kelington Group to assess the quality of our products and services, as it directly reflects how well we meet customer expectations. To further demonstrate our commitment to quality, we aim to maintain or achieve a minimum average score of 90% in our annual customer survey.

| Target 2030<br>Maintain an average score of at least **90%** | Progress | | |
|---|---|---|---|
| | **FY2022** | **FY2023** | **FY2024** |
| **Engineering Division**<br>- Customer Satisfaction Rate | 93% | 94% | **94%** |
| **Industrial Gas Division**<br>- Customer Satisfaction Rate | 86% | 82% | **85%** |
| **Average Customer Satisfaction Rate** | 91% | 88% | **92%** |
| **Engineering Division**<br>- Number of completed Customer Satisfaction Surveys | 40 | 47 | **68** |
| **Industrial Gas Division**<br>- Number of completed Customer Satisfaction Surveys | 22 | 41 | **24** |
| **Total number of completed Customer Satisfaction Surveys** | 62 | 88 | **92** |

## S14 Technology & Innovation

At Kelington, technology and innovation are at the core of our business strategy, driving operational excellence, sustainability, and competitive differentiation in the semiconductor and industrial gases sectors.

### Engineering Excellence in Ultra High Purity Systems

Since 2000, Kelington has been a leader in engineering and installing Ultra High Purity ("UHP") systems designed to meet the stringent requirements of the semiconductor and biotechnology manufacturing sectors. Our expertise extends across various high-tech applications, including wafer fabrication, LCD TFT production, biotechnology, pharmaceuticals, solar cells, and industrial gases.

Precision in gas and chemical purity is paramount in these industries, and Kelington stands out by seamlessly integrating advanced engineering capabilities with a comprehensive understanding of gas and chemical dynamics. This approach ensures we meet the rigorous demands of our clients while maintaining the highest standards of safety and quality.

### Commitment to Innovation and Sustainability

Kelington's commitment to technology and innovation is embedded in our strategic investments and continuous operational advancements. These initiatives are designed to enhance efficiency, reduce costs, and minimise environmental impacts, ensuring that we not only meet but exceed industry standards. Our Technology and Innovation framework cultivates a culture of creativity, empowering every member of our workforce to drive excellence and foster groundbreaking solutions at all levels of the organisation.

Our commitment to innovation and environmental stewardship is exemplified by our Carbon Dioxide Recovery Plant, which reflects our dedication to sustainable industrial practices. This facility captures waste gases from industrial processes and transforms them into high-quality liquid $CO_2$, reducing emissions while creating valuable resources for various applications.

By combining cutting-edge technology, sustainable solutions, and engineering expertise, Kelington continues to drive excellence and innovation across diverse industries, reinforcing our position as a trusted partner in the global market.

The Founder and CEO spearhead our innovation initiatives, overseeing them through the Executive Management Committee. This leadership structure ensures that innovation is aligned with Kelington's corporate goals and ESG priorities, guiding our business towards sustainable, long-term growth and value creation.





### Enhancing Gas Supply Equipment & Existing Technology

We continuously enhance our gas supply equipment and bulk gas systems, including Hydrogen ("$H_2$"), Hydrogen Chloride ("HCl"), Nitrogen Trifluoride ("$NF_3$"), and Trichlorosilane ("TCS"). These improvements optimise operational efficiency, enhance process reliability, and ensure safe handling.

**Heating Induction Technology ("HIT") Integration**

We advance Heating Induction Technology for gases such as Ammonia ("NH3"), Tungsten Hexafluoride ("WF6"), and Hydrogen Fluoride ("HF"), improving energy efficiency and process reliability while reducing environmental impact.

### Chemical Equipment Technology Advancements

Kelington develops high-performance chemical equipment, including:

- High-flow batch blender and inline blender for improved chemical processing efficiency.
- Self-priming transfer dispense systems that minimise waste and enhance operational safety.
- Ultrapure and high-efficiency heat exchangers that optimise energy consumption and extend equipment lifespan.
- NH4OH Generator, converting NH3 99.99% to NH4OH 29%, ensuring high-purity solutions bringing significant cost saving for clients' operations.

### Scalable Product Development & Strategic Collaborations

IVTECH
BY KELINGTON ENGINEERING

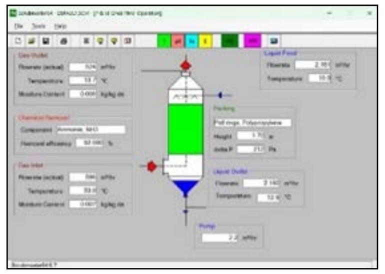
We collaborate with our valued clients to innovate products that enhance efficiency in operations, construction, and safety. IVTECH, a trademarked brand in Singapore, represents our innovations, with Kelington owning the intellectual property to commercialise these products in industrial markets.

Aligned with Kelington's direction, we prioritise the development and launch of scalable products that support sustainability goals, ensuring long-term business growth while minimising resource consumption.

Our collaborations with international stakeholders drive innovation in various areas, including tools, components, and equipment for improving operational efficiency. We also focus on greenhouse gas treatment, exhaust gas abatement, energy storage systems, and carbon capture technologies. These initiatives reflect our commitment to sustainability and technological advancement, delivering long-term environmental and operational benefits.

Additionally, strategic partnerships with leading technology providers strengthen our cybersecurity measures, ensuring robust protection of digital assets.

### Digital Transformation, Automation & Cybersecurity



Digitalisation is a cornerstone of Kelington's strategy, driving productivity, cost efficiency, and enhanced business performance. We integrate advanced digital tools, automation, and cybersecurity measures to optimise operations, enhance precision, and improve sustainability.

**Engineering & Process Automation**

- **Simulation Software for Design Optimisation:** We Utilise *Arrow* and *AFT Fathom (a flow analysis software for piping and ducting systems)* for fluid dynamics analysis to enhance gas and chemical flow efficiency. *ScrubMater (a module for simulating scrubber performance in gas flow systems)* improves emissions control, ensuring regulatory compliance.
- **Semi-Automated Devices for Bolt Tightening:** Improves quality, safety, and precision while reducing human error and material waste, aligning with our ESG goals.
- **Centralised Off-Site Manufacturing ("COSM"):** Our COSM approach enhances efficiency, reduces construction-related emissions, and ensures higher quality control, resulting in cost savings, time efficiency, and sustainability gains.

**Enterprise Digitalisation & Cybersecurity**

From CAD software and Building Information Modeling ("BIM") for engineering projects to AFT Fathom and AFT Arrow for advanced fluid flow and gas system analysis, Kelington integrates cutting-edge digital tools to enhance system design and performance. Additionally, ScrubMater supports optimised scrubber system modeling, while Enterprise Resource Planning (ERP) systems enable real-time decision-making. These technologies collectively drive efficiency, innovation, and precision across Kelington's operations.

In FY2024, we conducted cybersecurity risk assessments, prioritising threats to critical operations, intellectual property, and client data. Key security measures include:

- Network segmentation for enhanced data protection;
- Encryption protocols ensuring secure communications; and
- Data loss prevention strategies to safeguard sensitive information.

These efforts resulted in zero privacy complaints or data breaches, reinforcing our commitment to cybersecurity and regulatory compliance.

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| (i) | **Zero** Material Data Loss or Data Breach Incidents Annually | unit | Zero | Zero | **Zero** |
| (ii) | **Zero** substantiated complaints concerning breaches of customer privacy and losses of customer data | unit | Zero | Zero | **Zero** |

### Research and Development ("R&D")

To remain competitive in high-tech industries, we have invested significantly in R&D, spending RM3.05 million in FY2024 alone. Our R&D center in Chuzhou, China, focuses on developing innovative UHP equipment. Achievements include the development of specialty gas cabinets and high-low temperature-controlled exchangers, with two patents filed. These innovations earned SEMI S2 and SEMI S8 certifications, positioning Kelington as a qualified vendor for major wafer fabrication customers.

### Continuous Improvement

Kelington continuously adapts to market dynamics and customer needs by fostering a culture of continuous learning. Through workshops, training, and industry collaborations, we remain at the forefront of emerging technologies, ensuring agile responses to evolving challenges.

By integrating cutting-edge technology, sustainable solutions, and engineering expertise, Kelington continues to drive excellence and innovation across diverse industries, reinforcing our position as a trusted partner in the global market.





## Care for Society

4 QUALITY EDUCATION

# Empowering Futures Through Education

We Care for Society

### S10 Community Investment

| | Target 2030 | Unit of measure | Progress | | |
|---|---|---|---|---|---|
| | | | FY2022 | FY2023 | FY2024 |
| | **Making Positive Impact** | | | | |
| (i) | By 2030, provide access to quality education for at least 100 disadvantaged youth through scholarships, mentorship programs, and partnerships with educational institutions. | Cumulative Total | 11 | 16 | **21** |

As part of the Company's Corporate Commitment, Kelington supports local community growth and serve the needs of the community through various corporate social responsibility ("CSR") initiatives. We are committed to working with NGOs and the local communities in devising programmes that contribute both directly and indirectly to create a positive business environment whilst improving the quality of life among local communities. On top of supporting local suppliers and hiring of local employees, Kelington also allocates corporate contributions for local communities, focusing on the underprivileged, education and environment. We continued to perform several core programmes involving education and providing financial assistance to underprivileged children.

In FY2024, the total spending on community program and environmental conservation are recorded at RM32,219. After regular scanning on Kelington's operating environment, the Sustainability Working Group would identify the social and environmental challenges and arrange meaningful CSR program that aligns with our community investment policy and priorities, addressing pressing social or environmental issues and create positive impact on our stakeholders and the communities where we operate. The local community programs conducted in FY2024 are as follows:-

SUSTAINABILITY STATEMENT

**Environmental Sustainability: Tree Planting at Taman Botani Shah Alam**

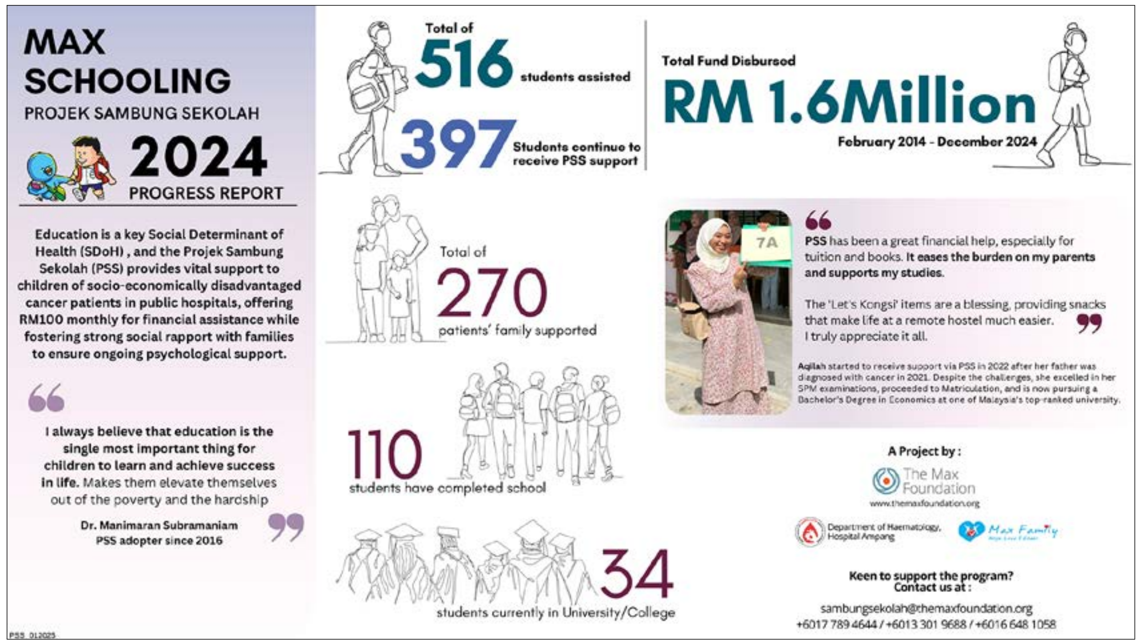
As part of our ongoing commitment to environmental stewardship, we organised a tree-planting initiative at Taman Botani Shah Alam. A total of 20 dedicated employees participated in the event, successfully planting 200 trees. This initiative contributes to reforestation efforts and enhances urban green spaces, aligning with our goal of reducing our carbon footprint and fostering a greener future. Through such actions, we reaffirm our dedication to sustainability and environmental preservation for the benefit of future generations.

**Community Engagement: Visit to Orphanage**

Our commitment to social responsibility extends to supporting vulnerable communities. In 2024, we visited an orphanage in Selangor, where we provided aid and companionship to over 50 children. During the visit, we delivered essential supplies, educational materials, and organised interactive activities, further reinforcing our dedication to nurturing and uplifting those in need. This initiative embodies our belief in the power of collective care and community support, fostering a positive impact on the lives of others.

**Supporting Education for Underprivileged Students**

As part of our ongoing commitment to supporting underprivileged communities, we are proud to announce that we are in our fourth consecutive year of supporting *Project Sambung Sekolah*. This collaborative initiative, led by the Haematology Department of Hospital Ampang in partnership with The Max Foundation and Max Family Society Malaysia, aims to ease the educational challenges faced by economically disadvantaged children affected by chronic illnesses. Through this program, we provide financial aid to five deserving children, empowering them to continue their education. This effort underscores our belief in the transformative power of education and highlights our dedication to giving back to those in need.






**Giving the Gift of Life: Blood Donation Drives in Malaysia and Singapore**

As part of our ongoing commitment to community well-being, our employees in both Malaysia and Singapore proudly participated in life-saving blood donation initiatives. These acts of giving not only support individuals in need but also foster a culture of compassion and solidarity across our teams in both countries. By contributing to a steady supply of blood for local hospitals, we help ensure that essential medical care is available to those who need it most.

Our involvement in this initiative reflects our deep belief that even the smallest acts of kindness can have a profound impact. Together, our employees in both Malaysia and Singapore have contributed to the health and safety of their respective communities, reinforcing our shared responsibility to care for one another. Through this simple yet meaningful gesture, we've shown that every drop counts, and that our collective efforts can create lasting, positive change.


**Core Liver Baby Program**

At Kelington Shanghai, our commitment to corporate social responsibility remains steadfast. We are proud to continue supporting the *Core Liver Baby Program*, an initiative led by the China Soong Ching Ling Foundation. This program provides life-saving liver transplant surgeries to children in need at Renji Hospital, offering them a critical opportunity for better health and a brighter future.

In alignment with our dedication to community welfare, Kelington Shanghai has contributed RMB30,000 to help ensure the success of the program. This donation reflects our ongoing commitment to improving the lives of underprivileged children and strengthening our role in fostering positive change within the community.

**Empowering Future Talent: CEO as a Judging Panelist for the 2024 Budding Value Investor Award**

At Kelington, we are committed to fostering knowledge and growth, both within our organisation and in the broader community. Our CEO had the privilege of serving as a judging panelist for the 2024 Budding Value Investor Award, an esteemed platform designed to nurture young investors. This initiative encourages the development of financial acumen, strategic thinking, and ethical investing principles among the next generation of leaders in the investment world.


By actively supporting such initiatives, we not only empower future talent but also strengthen our role as a responsible corporate citizen. Through these efforts, we continue to make a meaningful and lasting contribution to society, promoting financial literacy and ensuring the long-term success of our communities and the environment.

Kelington remains steadfast in our commitment to driving meaningful change through our corporate social responsibility initiatives. By actively engaging with local communities, supporting underprivileged groups, and investing in education and environmental conservation, we aim to create a lasting positive impact. Our efforts go beyond financial contributions, as we continuously assess social and environmental challenges to ensure our initiatives address the most pressing community needs. Moving forward, we will strengthen our collaborations with NGOs, local partners, and stakeholders to expand our reach and enhance the well-being of the communities where we operate.

## SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

### PERFORMANCE DATA TABLE

| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Bursa (Emissions management)** | | | | |
| Bursa C11(a) Scope 1 emissions in tonnes of CO2e | Metric tonnes | 11,173 | 12,495 | 3,888.87 |
| Bursa C11(b) Scope 2 emissions in tonnes of CO2e | Metric tonnes | 3,004 | 3,807 | 15,178.98 |
| Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting) | Metric tonnes | 33,605 | 24,137 | 94,285.59 |
| Disclosure of three years of Nitrous Oxides (NOx) emissions (tonnes) | Metric tonnes | 0 | 0 | 0 |
| Disclosure of three years of Sulphur Oxide (SOx) emissions (tonnes) | Metric tonnes | 0 | 0 | 0 |
| Disclosure of three years of Volatile Organic Compounds (VOCs) emissions (kilograms) | Kilograms | 0 | 0 | 0 |
| CO2 Equivalent Intensity Ratio | tCO2-e | 763 | 492 | 376 |
| **Bursa (Energy management)** | | | | |
| Bursa C4(a) Total energy consumption | Megawatt | 12,887 | 16,329 | 19,681.8 |
| Electricity Intensity Ratio | Megawatt | 664 | 452 | 384 |
| Solar Power Generated | Megawatt | 11.24 | 13.91 | 12.59 |
| Renewable Energy Use | Percentage | 0 | 0 | 0 |
| **Bursa (Water)** | | | | |
| Bursa C9(a) Total volume of water used | Megalitres | 31.241 | 76.813 | 59.243 |
| Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations | Number | 0 | 0 | 0 |
| Three years of total water discharge data is disclosed by destination - Ocean | Cubic meters | 0 | 0 | 0 |
| Three years of total water discharge data is disclosed by destination - Surface water | Cubic meters | 31,241 | 76,813 | 59,243 |
| Three years of total water discharge data is disclosed by destination - Subsurface / well | Cubic meters | 0 | 0 | 0 |
| Three years of total water discharge data is disclosed by destination - Off-site water treatment | Cubic meters | 0 | 0 | 0 |
| Three years of total water discharge data is disclosed by destination - Beneficial / other use | Cubic meters | 0 | 0 | 0 |
| Three years of total water discharge data is disclosed by destination - Total | Cubic meters | 31,241 | 76,813 | 59,243 |
| Three years of total water withdrawal data is disclosed by source - Surface water from rivers, lakes, natural ponds | Cubic meters | 0 | 0 | 0 |
| Three years of total water withdrawal data is disclosed by source - Groundwater from wells, boreholes | Cubic meters | 0 | 0 | 0 |
| Three years of total water withdrawal data is disclosed by source - Used quarry water collected in the quarry | Cubic meters | 0 | 0 | 0 |
| Three years of total water withdrawal data is disclosed by source - Municipal potable water | Cubic meters | 31,241 | 76,813 | 59,243 |
| Three years of total water withdrawal data is disclosed by source - External wastewater | Cubic meters | 0 | 0 | 0 |
| Three years of total water withdrawal data is disclosed by source - Harvested rainwater | Cubic meters | 0 | 0 | 0 |

Internal assurance External assurance No assurance (*)Restated



| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Three years of total water withdrawal data is disclosed by source - Sea water, water extracted from the sea or the ocean | Cubic meters | 0 | 0 | 0 |
| Three years of total water withdrawal data is disclosed by source - Total | Cubic meters | 31,241 | 76,813 | 59,243 |
| Water Intensity Ratio | Cubic meters | 1,508 | 1,153 | 1,101.4 |
| **Bursa (Waste management)** | | | | |
| Bursa C10(a) Total waste generated | Metric tonnes | 717 | 422 | 1,652.75 |
| Bursa C10(a)(i) Total waste diverted from disposal | Metric tonnes | 61 | 47 | 1,088.81 |
| Bursa C10(a)(ii) Total waste directed to disposal | Metric tonnes | 656 | 375 | 530.38 |
| Disclosure of three years of hazardous waste generation (tonnes) | Metric tonnes | 38 | 33 | 59.6 |
| Disclosure of three years of non-recycled waste generation (tonnes) | Metric tonnes | 656 | 375 | 530.38 |
| Disclosure of three years of waste recycled (tonnes) | Metric tonnes | 61 | 47 | 1,088.81 |
| Total costs of environmental fines and penalties during financial year | MYR | 0 | 0 | 0 |
| Percentage of sites covered by recognised environmental management systems such as ISO14001 or EMAS | Percentage | 97 | 98 | 87.3 |
| Waste Gas Reuse (Carbon Dioxide) | Metric tonnes | 60,471 | 70,278 | 113,024 |
| Non-Recycled Waste Intensity Ratio | Metric tonnes | 10.5 | 3.4 | 11.6 |
| Recycling Rate | Percentage | 8.5 | 11.10* | 65.9 |
| **Bursa (Health and safety)** | | | | |
| Bursa C5(a) Number of work-related fatalities | Number | 0 | 0 | 0 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 0 | 0.09 | 0 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 389 | 326 | 311 |
| Percentage of sites with OHSAS 18001 certification | Percentage | 91 | 92 | 87.3 |
| Number of work-related employee fatalities, over last 3 years | Number | 0 | 0 | 0 |
| Number of work-related contractor fatalities, over last 3 years | Number | 0 | 0 | 0 |
| Total Recordable Injury Frequency Rate (TRIFR) | Rate | 0.15 | 0.14* | 0 |
| **Bursa (Labour practices and standards)** | | | | |
| Bursa C6(a) Total hours of training by employee category | | | | |
| Senior Management | Hours | 193 | 137 | 575 |
| Middle Management | Hours | 1,366 | 1,564 | 1,768 |
| Executive | Hours | 5,803 | 5,293 | 5,615 |
| Non-executive/Technical Staff | Hours | 2,888 | 4,692 | 3,763 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 16.59 | 16 | 15 |
| Bursa C6(c) Total number of employee turnover by employee category | | | | |
| Senior Management | Number | 1 | 0 | 1 |
| Middle Management | Number | 2 | 2 | 15 |
| Executive | Number | 43 | 52 | 51 |
| Non-executive/Technical Staff | Number | 64 | 61 | 29 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 | 0 | 0 |
| Average Training hours per employee | Hours | 15 | 16 | 15 |

Internal assurance External assurance No assurance (*)Restated

# SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Total investment in training | MYR | 426,000 | 450,000 | 442,258 |
| Number of incident of unfair employment practices | Number | 0 | 0 | 0 |
| Employee Turnover Rate | Percentage | 16.22 | 18.1 | 14.26 |
| **Bursa (Diversity)** | | | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | | | |
| Age Group by Employee Category | | | | |
| Senior Management Under 30 | Percentage | 0 | 0 | 0 |
| Senior Management Between 30-50 | Percentage | 52.4 | 52.6 | 65.38 |
| Senior Management Above 50 | Percentage | 47.6 | 47.4 | 34.62 |
| Middle Management Under 30 | Percentage | 5.7 | 8.3 | 5.22 |
| Middle Management Between 30-50 | Percentage | 80.7 | 84.4 | 82.61 |
| Middle Management Above 50 | Percentage | 13.6 | 7.3 | 12.17 |
| Executive Under 30 | Percentage | 56.9 | 52.2 | 47.58 |
| Executive Between 30-50 | Percentage | 40.6 | 45 | 47.98 |
| Executive Above 50 | Percentage | 2.5 | 2.8 | 4.44 |
| Non-executive/Technical Staff Under 30 | Percentage | 36 | 41.7 | 43.64 |
| Non-executive/Technical Staff Between 30-50 | Percentage | 58.5 | 54.7 | 50.62 |
| Non-executive/Technical Staff Above 50 | Percentage | 5.5 | 3.6 | 5.74 |
| Gender Group by Employee Category | | | | |
| Senior Management Male | Percentage | 90.5 | 89 | 96 |
| Senior Management Female | Percentage | 9.5 | 11 | 4 |
| Middle Management Male | Percentage | 79.5 | 81 | 77 |
| Middle Management Female | Percentage | 20.5 | 19 | 23 |
| Executive Male | Percentage | 69.3 | 67 | 57 |
| Executive Female | Percentage | 30.7 | 33 | 43 |
| Non-executive/Technical Staff Male | Percentage | 80.6 | 82 | 85 |
| Non-executive/Technical Staff Female | Percentage | 19.4 | 18 | 15 |
| Bursa C3(b) Percentage of directors by gender and age group | | | | |
| Male | Percentage | 90 | 80 | 70 |
| Female | Percentage | 10 | 20 | 30 |
| Under 30 | Percentage | 0 | 0 | 0 |
| Between 30-50 | Percentage | 0 | 0 | 0 |
| Above 50 | Percentage | 100 | 100 | 100 |
| Percentage of global staff with a disability. | Percentage | 0 | 0 | 0 |
| Percentage of women in the global workforce. | Percentage | 23.8 | 23.5 | 25 |
| **Bursa (Anti-corruption)** | | | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | | | |
| Senior Management | Percentage | 100 | 100 | 100 |
| Middle Management | Percentage | 100 | 100 | 100 |
| Executive | Percentage | 100 | 100 | 100 |
| Non-executive/Technical Staff | Percentage | 100 | 100 | 100 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 100 | 100 | 100 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 | 0 | 0 |

| Indicator | Measurement Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Disclosure of total amount of political contributions made | MYR | 0 | 0 | 0 |
| Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/ policies | Number | 0 | 0 | 0 |
| Disclosure of cost of fines, penalties or settlements in relation to corruption | MYR | 0 | 0 | 0 |
| **Corporate Governance** | | | | |
| Number of Board Directors | Number | 10 | 10 | 10 |
| Number of independent Directors on the board | Number | 5 | 5 | 5 |
| Number of women on the board | Number | 1 | 2 | 3 |
| Annual General Meeting: Number of days between the date of notice and date of meeting | Number | 54 | 52 | 52 |
| Percentage of women on the Executive committee or equivalent. | Percentage | 0 | 0 | 0 |
| Number of fines/settlements over the previous 3 years where each is valued > US $100 million | Number | 0 | 0 | 0 |
| Combined total value of fines/settlements over the previous 3 years where each is valued > US $100 million | MYR | 0 | 0 | 0 |
| Customer Satisfaction Rate | Percentage | 91 | 88 | 92 |
| **Bursa (Data privacy and security)** | | | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 | 0 | 0 |
| Incident of Material Data Loss or Data Breach | Number | 0 | 0 | 0 |
| **Bursa (Supply chain management)** | | | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 76 | 83 | 88.3 |
| **Bursa (Community/Society)** | | | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 43,085 | 125,135 | 32,219 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 5 | 5 | 5 |

Internal assurance External assurance No assurance (*)Restated

Internal assurance External assurance No assurance (*)Restated

# DIRECTORS' PROFILE

## IR. GAN HUNG KENG

Chairman / CEO

| Age | Gender | Nationality |
|---|---|---|
| 61 | Male | |

Date of Appointment
**14 February 2000**

Length of Service
**25 years & 2 months**

Ir. Gan Hung Keng is the Company founder, Executive Director and Chairman of the Company since 14 February 2000 and was appointed as the Managing Director on 22 November 2004 and assumed the role of CEO with effect from 1 September 2009. As a CEO, he is responsible for the overall strategic direction and management functions of the Group and in particular, the Group's new ventures. He graduated with a Bachelor of Chemical & Process Engineering degree from Universiti Kebangsaan Malaysia, Malaysia. He is also a Professional Engineer on the Board of Engineers, Malaysia.

He has held various managerial roles beginning with a water treatment company in Singapore in 1988 as an Engineer where he was responsible for engineering projects execution of pure water and waste water treatment. He then went on to lead various engineering projects as a Project Engineer until 1994 where he joined Malaysian Oxygen Berhad ("MOX") as a Project Manager for their Ultra Clean Division. He served in MOX for four (4) years before moving to Eastern Oxygen Berhad as the Project Manager for the Ultra Clean System. In 1999, he held the position of Manager (Process) in M+W Zander Pte Ltd (Singapore) for a year before taking up his current position.

Through the various positions held, he has acquired expertise in the detailed designing of all gas delivery system (inert and hazardous gases) for Semiconductor Wafer Fabrication and Flat Panel Display plants, engineering and construction management of large scale and fast track project for gas and chemical related projects, and general management of a business unit and a company.

He is a corporate representative of Palace Star Sdn. Bhd. ("Palace Star"), a major shareholder of the Company.

He is also a director of a few subsidiaries of the Company. He does not hold any other directorships in public companies and listed issuers.





## ONG WENG LEONG

Executive Director / COO

| Age | Gender | Nationality |
|---|---|---|
| 57 | Male | |

Date of Appointment
**22 November 2004**

Length of Service
**20 years & 5 months**

Mr. Ong Weng Leong has been a Director of the Company since 22 November 2004. He was appointed as the General Manager on 1 August 2005 and assumed the role of COO with effect from 1 September 2009. As a COO, he is responsible for the management of the day-to-day functions and operations of the Group in Taiwan and China.

He graduated in 1992 with a Bachelor of Chemical Engineering degree from Universiti Teknologi Malaysia, Malaysia. He also received a Master in Business Administration from the University of Bath, United Kingdom in 2002. He is also a fellow member of Malaysian Institute of Management and was elected as a General Council member of the Institution from 2015 – 2016.

He began taking up managerial roles in 1996 while at MOX as the Production Manager after which he became the Operations Manager from 1998 to 2000, responsible for managing plant operations located in the central and east coast region. Later in 2000, he was promoted to National Engineering Manager at MOX which he carried out for 3 years until 2004 where he was promoted to the National Sales Manager (Electronics) at MOX. Soon after that, he joined the Company in 2004 as the General Manager.

Throughout his years' experience at MOX and KGB in management roles, he has acquired expertise in detailed designing of all gas system ranging from gas production plants to the supply stations of customers and engineering construction management of industrial gas related projects.

He is a corporate representative of Palace Star, a major shareholder of the Company.

He is also a director of a few subsidiaries of the Company. He does not hold any other directorships in public companies and listed issuers.

# DIRECTORS' PROFILE

DIRECTORS' PROFILE

## SOH TONG HWA

Non-Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 72 | Male | |

Date of Appointment
**1 November 2019**

Length of Service
**5 years & 6 months**

Mr. Soh Tong Hwa was appointed as a Non-Independent Non-Executive Director of the Company on 1 November 2019. He is also a member of the Risk Management Committee.

He obtained a Bachelor of Mechanical Engineering from the University of Portsmouth, United Kingdom in 1979.

He was appointed as director of Ace Gases Sdn. Bhd. since year 2018. Mr. Soh's strength lies in his in-depth technical knowledge of gas plant operation and managing of the bulk and on-site plant business.

He held various managerial roles beginning with MOX in year 1979. He served in MOX for 24 years before moving to Air Liquide Indonesia as President Director in year 2007. He then set up a new subsidiary for Air Liquide in Malaysia in 2009 and took the position as Managing Director of Air Liquide Malaysia till year 2016.

He is also a director of a few subsidiaries of the Company and he does not hold any other directorships of public companies and listed issuers.

## CHAM TECK KUANG

Non-Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 68 | Male | |

Date of Appointment
**1 November 2019**

Length of Service
**5 years & 6 months**

Mr. Cham Teck Kuang was appointed to the Board as a Non-Independent Non-Executive Director on 1 November 2019. He is also a member of the Risk Management Committee.

He graduated with a B.Sc (Hons) Mechanical Engineering from University of Portsmouth, Britain. He started his career in building services and thereafter spent the next 22 years in the semiconductor field particularly in wafer fabs in a leading industrial gas manufacturer in Singapore. He rose from the rank of a Project Engineer, Project Manager, Senior Manager, Departmental Head, General Manager and the last position held being the Director of Project Engineering and Services and Director of E&I, South and South East Asia. He is instrumental for the completion of many of the wafer fab gas system projects in Singapore and the region. His strength lies in his in-depth technical knowledge of wafer fabs' gas and chemical system engineering work including equipment manufacturing, project execution and system commissioning. He also has strong leadership strengths in managing companies.

He joined Kelington Engineering (S) Pte Ltd in 2012 and is currently the Executive Director of Kelington Engineering (S) Pte Ltd and a few subsidiaries of the Company.

He does not hold any other directorships in public as well as listed companies.

# DIRECTORS' PROFILE

## HU KEQIN

Non-Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 64 | Male | |

Date of Appointment
**1 November 2019**

Length of Service
**5 years and 6 months**

Mr. Hu Keqin was appointed to the Board as a Non-Independent Non-Executive Director on 1 November 2019. He is also a member of Risk Management Committee.

He graduated with a Bachelor of Engineering in Mechanical Engineering from Kunming University Science and Technology in 1982. In 1985, he obtained a Master in Engineering in Mechanical Engineering from Chongqing University.

Since 2013, he was appointed as Project Director of Kelington Engineering (S) Pte Ltd, a wholly owned subsidiary of the Company.

He has more than 22 years of experience in managing and overseeing projects with respect to cost, quality and schedule and ensure all projects achieve objectives. His expertise lies in proposal and budget development, design and component; specification, procurement of materials, contractor selection and project management.

After graduated from Chongqing University, he joined Chongqing University as a Lecturer, Department of Mechanical Engineering and then in year 1989, he was appointed as a research engineer of the University.

Prior to joining Kelington, he commenced his career in Singapore Oxygen Air Liquide, Singapore in year 1994 and later joined UCT Engineering Pte Ltd, Singapore for 8 years since 2001. In year 2009, he held the position of General Manager in OBrien Tubular Technologies (Shanghai) Co., Ltd for 4 years before taking up his current position.

He is also a director of a few subsidiaries of the Company. He does not hold any other directorships in public as well as listed companies.

DIRECTORS' PROFILE

## NG MENG KWAI

Senior Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 73 | Male | |

Date of Appointment
**1 November 2022**

Length of Service
**2 years & 5 months**

Mr. Ng Meng Kwai was appointed as an Independent Non-Executive Director of the Company on 1 November 2022, serving as a member of both Audit Committee and Remuneration Committee. On 1 December 2024, he was identified as a Senior Independent Non-Executive Director and redesignated as the Chairman of the Audit Committee.

He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

He has accumulated over 40 years of public accounting experience and has extensive experience in audit and financial advisory services as well as risk management matters. He began his career in 1973 with Deloitte Malaysia and moved up the ranks until his retirement from Deloitte Malaysia in 2013. Since then, he joined Robert Mengkwai & Loo PLT, an accounting firm, as a partner, a position he holds until to date.

He is an Independent Non-Executive Director of Eversafe Rubber Berhad, a public listed company.

## DIRECTORS' PROFILE

### RAHIMA BEEVI BINTI MOHAMED IBRAHIM

Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 72 | Female | Malaysian flag |

Date of Appointment
**1 March 2023**

Length of Service
**2 years & 2 months**

Puan Rahima Beevi Binti Mohamed Ibrahim was appointed as an Independent Non-Executive Director of the Company on 1 March 2023. She is also the Chairwoman of the Remuneration Committee, and was redesignated as the Chairwoman of Nomination Committee on 1 December 2024.

She graduated in 1998 with a Master of Science Degree in Human Resources ("HR") Management from University of Portsmouth, United Kingdom. She also obtained various International Professional Certificates. In January 2024, she attained the designation of Associate Certified Coach (ACC) awarded by the International Coach Federation (ICF), further demonstrating her commitment to excellence in coaching and mentoring.

She was the Vice Chairman of Malaysian Institute of Management ("MIM") from 2019 to 2022 and was a Committee Member for HR of Federation of Malaysian Manufacturing. She was also the Vice President of Education of Malaysian Employers Federation Toastmasters Club. She is the Chairwoman of HR Committee, and a Fellow Member and director of MIM.

She is also a Committee & Life Member of Malaysian Institute of HR. She has held various managerial roles in different organisations, beginning with Siemens VDO Components MY Sdn. Bhd. as a Senior HR Manager in year 1998 until year 2004 and has accumulated more than 25 years of experience in the HR industry. She then joined Siemens Malaysia Sdn. Bhd. from year 2004 to year 2016 as a Vice President Head of HR, HR Business Partner for Energy Sector ASEAN and also Regional Compliance Officer. Subsequently in year 2010, she was promoted as the Senior Vice President Head of HR.

She is currently the Executive Director of Resolute Ingress Learning Enterprise specialising in Leadership Development, Emotional Intelligence and Executive/Career/Life Coaching.

She does not hold any other directorships of public companies and listed issuers.



DIRECTORS' PROFILE

### CHOW MEOW LUAN

Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 64 | Female | Malaysian flag |

Date of Appointment
**31 August 2023**

Length of Service
**1 year and 8 months**

Ms. Chow Meow Luan was appointed as an Independent Non-Executive Director of the Company on 31 August 2023. She is also a member of both Audit Committee and Nomination Committee.

She graduated in 1983 with a Bachelor of Economics (Hons) Accounting Major Monash University, Australia.

She has 38 years cumulative banking and corporate finance experience with considerable exposure to credit risk management and corporate finance consultancy. She has held various positions at Bank of America Malaysia Berhad (the "Bank") during a 17-year tenure since 1984, prior to joining BA Associates Sdn. Bhd. ("BA Associates") in 2002.

Her last held position at the Bank was Vice President - Credit from 1995 to 2002, responsible for the credit risk management of the unit's key clients' portfolios. As a Principal at BA Associates, Ms. Chow Meow Luan was involved in providing corporate finance consultancy services including assisting clients in raising debt / equity capital as well as in mergers and acquisitions, until her retirement at the end of 2022.

She does not hold any other directorships of public companies and listed issuers.

## CHIN WEI MIN

Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 57 | Male | |

Date of Appointment
**31 August 2023**

Length of Service
**1 year and 8 months**

Mr. Chin Wei Min was appointed as an Independent Non-Executive Director of the Company on 31 August 2023. He is also the Chairman of Risk Management Committee, and a member of Nomination Committee.

He graduated in 1992 with the BEng (Hons) Aeronautical Engineering from University of Salford, United Kingdom.

He has more than 30 years of experience in financial services industry, particularly in business strategy formulation, large scale transformation as well as complex technology implementation program.

He was the Executive Director at the Securities Commission ("SC"), a capital market regulator in Malaysia between April 2016 and June 2022, where he oversaw the Digital Strategy and Innovation division. He played a pivotal role in shaping and implementing the industry's digital agenda at the SC.

He was formerly the Asia Pacific Managing Director for the Capital Market Industry at Accenture, a global leading management consulting, technology services and outsourcing firm.

As a member of the regional management team, he provided management oversight to various country capital market practices in APAC, where he would define the overall industry agenda, champion key business services offerings and drive key sales initiatives to meet corporate objectives.

In addition to his leadership and management roles, he also led numerous strategic transformation initiatives at some of the largest financial institutions in the region, including core investment management capability transformation at one of the largest financial groups in China, customer centricity transformation at one of the largest insurance groups in China, core exchange trading implementation at one of the largest exchanges in Asia, and advanced analytics capability design for one of the largest sovereign wealth funds in Asia.

He is currently the director and co-founder of Odigos Consultancy Sdn. Bhd., a niche consulting firm which provides advisory services on complex regulatory issues involving FinTech industry development as well as capital market policies and regulation. He does not hold any other directorships of public companies and listed issuers.





## NG LEE KUAN

Independent Non-Executive Director

| Age | Gender | Nationality |
|---|---|---|
| 59 | Female | |

Date of Appointment
**1 December 2024**

Length of Service
**4 years & 2 months***

* *served as an Independent Non-Executive Director from 1 November 2019 to 31 August 2023, and reappointment to the Board on 1 December 2024.*

Ms. Ng Lee Kuan was first appointed as an Independent Non-Executive Director of the Company on 1 November 2019 and served until her resignation on 31 August 2023. She was reappointed to the Board as an Independent Non-Executive Director on 1 December 2024. Ms. Ng also serves as members of the Audit Committee, Risk Management Committee and Remuneration Committee, and also the Chairwoman of Employees' Share Option Scheme.

She graduated in 1990 with a Bachelor of Management Degree (First Class) from Universiti Sains Malaysia, Malaysia. She also obtained her professional qualification from the Chartered Institute of Management Accountants (CIMA) in 1994.

She has held various managerial roles in Linde Malaysia ("Linde") (formerly known as MOX) and has accumulated more than 25 years of experience in the industrial gas business.

She was promoted to the Planning Manager role in 1996, subsequently assumed the Management & Financial Accounting Manager role in 1999 and then Process System & Planning Manager role for South & South East Asia in 2002. She was appointed as Head of Marketing of Linde in 2009 and has held this position until 2017. As a key member in the leadership team, she led the country strategic planning process, drove strategic investments, pursued new business development opportunities and spearheaded best commercial practices.

Ms. Ng does not hold any other directorships of public companies and listed issuers.

**Notes to the Board of Directors' Profile:**

**Family Relationship**
None of the Directors have any family relationship with any other Directors and / or major shareholders of the Company.

**Conviction of Offences**
None of the Directors have been convicted for any offences (other than traffic offences) within the past 5 years. There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Conflict of Interest or Potential Conflict of Interest**
None of the Directors have any conflict of interest or potential conflict of interest with the Company.

**Attendance at Board Meetings**
The details of attendance of the Directors at the Board Meetings are set out on page 155 of this Annual Report.

**Shareholdings**
The details of Directors' shareholdings are set out in the Analysis of Shareholding(s) and Analysis of Warrant Holding(s) on pages 301 to 303 and pages 304 to 305 respectively, of this Annual Report.

# KEY SENIOR MANAGEMENT'S PROFILE

KEY SENIOR MANAGEMENT'S PROFILE

## JONG YU HUAT

| Age | Gender | Nationality |
|---|---|---|
| 54 | Male | Malaysian |

Mr. Jong Yu Huat was appointed as the Chief Financial Officer of the Group since 2010. He has been with the Company since June 2003. He obtained his professional qualification from the Chartered Institute of Management Accountants (CIMA) since 1999. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) since 2008. He has more than 20 years of experience in accounting, auditing, taxation, corporate finance and general management. His main roles include leading the accounts and finance department, implementing system control, financial budgeting and administrative matters.

## IR. ONG SENG HENG

| Age | Gender | Nationality |
|---|---|---|
| 46 | Male | Malaysian |

Ir. Ong Seng Heng is the Managing Director, Malaysia for KGB. He graduated with a Bachelor of Chemical Engineering degree from University of Malaya, Malaysia in March 2002. He joined our Company since 1 April 2002 and has since been provided various responsibilities beginning with Project Engineer in charge of UHP gas systems on design and project execution works. He was then promoted to Senior Engineer in 2006; Manager of Technology Development in 2008; Group Manager of Technology Development in 2011; Assistant General Manager in 2012 and subsequently to his current position in 2014. He is currently oversees the operational management, business development and marketing initiatives in Malaysia specifically on Ultra High Purity Systems division, process plant engineering and general contracting projects. His expertise lies in detailed design, project and construction management of Semiconductor gas and chemical related projects and Process Plant Construction projects. He is also spearheading the expansion of business operations into East Malaysia by leading a subsidiary located in Kuching, Sarawak. He is also a registered Professional Engineer of Board of Engineers, Malaysia and member of The Institution of Engineers Malaysia.

## LIM SENG CHUAN

| Age | Gender | Nationality |
|---|---|---|
| 57 | Male | Singaporean |

Mr. Lim Seng Chuan is the Managing Director, Singapore for our Company. He graduated with a Master of Science from Tokyo Institute of Technology (TIT) in Japan in 1999. Prior to joining KGB, he was attached to Singapore Oxygen Air Liquide Pte Ltd ("SOXAL").

Throughout his ten (10) years in SOXAL, he has held various positions such as QA / QC Manager, Project Manager, Business Development Manager in UHP related technologies for Semiconductor, photovoltaic, pharmaceutical and LCD industries. He is currently responsible for the daily management of our Group's Singapore operations as well as neighbouring regions such as Europe, Hong Kong, Philippines and Indonesia.

In the course of managing Singapore's core business, where he utilises his expertise in semiconductor technologies such as detailed engineering of all UHP specialty gas delivery and bulk gas distribution systems, chemical and liquid delivery systems for the Semiconductor industry, he is also responsible in project and business development for Europe, Hong Kong and neighbouring countries, and supporting sisters companies in high-end electronics product development and marketing to overseas clients.

## SOO WEI KEONG

| Age | Gender | Nationality |
|---|---|---|
| 49 | Male | Malaysian |

Mr. Soo Wei Keong is the Managing Director of KGB Taiwan Branch. He graduated with a Bachelor of Chemical Engineering degree from Universiti Sains Malaysia, Malaysia in 2000. He joined our Company since 2 April 2001 and has since been provided various responsibilities beginning with QA Engineer in charge with QA and QC on UHP gas systems. He was then promoted to Senior Engineer in 2003, Project & Design Manager in 2004 and subsequently to his current position in 2005. He is currently responsible for engineering, costing of UHP gas systems and project management in Taiwan. His expertise lies in detailed design of UHP gas systems, engineering, project and construction management of Semiconductor gas and chemical related projects, quality management of UHP protocol for Semiconductor related projects and welding joint inspection.

## CHONG ANN TSUN

| Age | Gender | Nationality |
|---|---|---|
| 48 | Male | Malaysian |

Mr. Chong Ann Tsun is the Managing Director of Ace Gases Sdn. Bhd. Prior to assuming this pivotal role, he served as the General Manager of Ace Gases Marketing Sdn. Bhd. commencing in 2018. He graduated with a Bachelor of Mechanical Engineering from Leicester University United Kingdom in 1999. He has experience working in various industrial gases companies in both technical application roles, sales and marketing. He was working as a Business Director and Regional Business Development Director for Air Liquide before joining Ace Gases.

He is also a Director of Ace Gases Group Berhad, a public company.

## DAI HAIBIN

| Age | Gender | Nationality |
|---|---|---|
| 50 | Male | Chinese |

Mr. Dai Haibin is the Managing Director of Kelington Engineering (Shanghai) Co., Ltd.. He obtained a Bachelor of Mechanical Engineering from Southwest Jiaotong University, Chengdu, China in 1997 and a Master of Science in Transportation Management & System from the National University of Singapore in 2004.

Prior to his current role, he held the position of Deputy General Manager since May 2021 and Senior Operation Manager from December 2017 to November 2020. Prior joining Kelington Engineering (Shanghai) Co., Ltd., he worked as a Senior Manager stationed in China at International Healthway Corporation, Singapore, from March 2014 to November 2017. He had more than 20 years of experience in the industry.

## KEY SENIOR MANAGEMENT'S PROFILE

**ALAN LIM CHUI BOON**

| Age | Gender | Nationality |
|---|---|---|
| 43 | Male | Malaysian flag |

Mr. Alan Lim Chui Boon is the Operations Director of Ace Gases Sdn. Bhd. Prior to this role, he served as the Operations Manager at Ace Gases Marketing Sdn. Bhd. since 2018. He graduated with First Class Hons of Bachelor Degree in Chemical Engineering from Universiti Teknologi Malaysia in 2005. Prior to joining the Company, he commenced his career in MOX Gases Sdn. Bhd. and later joined Air Liquide Malaysia Sdn. Bhd. for 9 years since 2008. He held various roles and positions such as Production Engineer, Project Engineer, Commissioning Manager, Project Manager, Facility Manager and Industrial Operations Manager which he is a Technical Expert in ASU Technologies, industrial gas plants operations, plant operations strategy management, plant optimisation and efficiency evaluation. In his current position, he is responsible for industrial gas system design, project implementation, operations management and technical support.

He is also a Director of Ace Gases Group Berhad, a public company.

**Notes to the Key Senior Management's Profile:**

**Directorships**
Except for Chong Ann Tsun and Alan Lim Chui Boon, none of the key senior management hold any other directorship(s) in public companies and listed issuers.

**Family Relationship**
None of the key senior management has any family relationship with any other Directors and / or major shareholders of the Company.

**Conviction of Offences**
None of the key senior management has been convicted for any offences (other than traffic offences) within the past 5 years.

There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**Conflict of Interest or Potential Conflict of Interest**
None of the key senior management has any conflict of interest or potential conflict of interest with the Company.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board of Directors ("Board") of Kelington Group Berhad ("Kelington" or "the Group") remains committed to continually striving for the highest standard of corporate governance ("CG") to be applied throughout Kelington and its subsidiaries. The commitment from the top paves the way for Management and all employees to ensure that the Group's businesses and affairs are effectively managed in the best interests of all stakeholders.**

This CG Overview Statement sets out the Group CG processes and practices applied during the financial year, in compliance with the requirements of CG set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and guided by the principles and recommendations set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") along with the Companies Act 2016 and the CG Guide (4th Edition) issued by Bursa Malaysia Berhad.

The Board is pleased to present an overview of the application of the following three (3) key principles as set out in the MCCG 2021, and the extent to which the Company and its subsidiaries have complied with the principles and practices of the MCCG 2021 during the financial year under review:

**THREE (3) KEY PRINCIPLES**

| PRINCIPLE A | PRINCIPLE B | PRINCIPLE C |
|---|---|---|
| Board Leadership and Effectiveness | Effective Audit and Risk Management | Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders |

This statement is prepared in compliance with the MMLR and it is to be read together with the CG Report 2024 of the Company which is available at its website www.kelington-group.com.

As of the date of this statement, Kelington has adopted and applied 41 out of 48 practices, including 3 step-up practices of MCCG 2021. The practices that have yet to be applied/adopted are as follows, details of all the practices are set out in our CG Report 2024:

| | |
|---|---|
| **Practice 1.3** | The positions of Chairman and CEO are held by different individuals |
| **Practice 5.2** | At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors |
| **Practice 6.1** | The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.<br><br>For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation. |
| **Practice 8.2** | Disclosure on a named basis the top 5 senior management's remuneration in bands of RM50,000 |
| **Practice 8.3 (Step Up)** | Detailed disclosure of the remuneration of each member of senior management on a named basis |
| **Practice 10.3 (Step Up)** | The board establishes a Risk Management Committee ("RMC"), which comprises a majority of independent directors, to oversee the company's risk management framework and policies |
| **Practice 12.2** | Adoption of Integrated Reporting based on a globally recognised framework |

The Board will always be mindful of the need to embrace the best practices in form as well as in substance in order to further strengthen CG culture of Kelington.

The key focus areas of the Board in year 2024 are as follows:

| | |
|---|---|
| **Strategic Plan & Budget** | (i) The Board had in-depth deliberations on the overall financial and business performance of the Group and approved the Budget for the financial year ("FY") 2025.<br><br>(ii) In August 2024, the Board reviewed and engaged in a thorough discussion on the Strategic Plan, evaluating the progress made towards our long-term goals and ensuring alignment with our vision and mission for the future. A key focus was on Sustainability Management, with a particular emphasis on how Kelington's engineering solutions are contributing to environmental sustainability, social equity, and economic viability. In line with our commitment to responsible business practices, the Board placed significant attention on reinforcing our sustainability governance and ensuring compliance with all regulatory frameworks.<br><br>Furthermore, we emphasised the importance of robust risk management to maintain the resilience and long-term growth of the organisation, while ensuring that all actions taken align with our sustainability objectives. |
| **Financial & Operational Performance** | (i) The Board had reviewed and approved the unaudited quarterly financial statements and audited financial statements.<br><br>(ii) The Board is satisfied with the financial position of the Company and had paid the second interim dividend of 2.5 sen per share for the FYE 31 December 2023 on 5 April 2024, and also paid a total of three interim dividends, each dividend amounted to 2 sen per share for the FYE 31 December 2024.<br><br>(iii) Received updates on key operations and ongoing projects. |
| **Corporate Governance and Compliance** | (i) Monitor the CG compliance and practices to align with MCCG 2021 and policies and procedures adopted by the Board. Notably, the Company had reviewed and approved revision of Anti-Bribery & Corruption Policy during the year.<br><br>(ii) Reviewed the questionnaires for the Board Effectiveness Evaluation (with the inclusion of Environmental, Social and Governance ("ESG") as part of the Board Roles and Responsibilities).<br><br>(iii) Appointment of Independent Non-Executive Director in adherence to the MCCG 2021. The Board conducted a thorough review of the candidate's backgrounds, skills, and experiences, ensuring a precise alignment with the broad Fit and Proper criteria, as well as the Independence requirements outlined in the Board Charter.<br><br>(iv) Reviewed the related party transactions presented by the Management, to ensure that these RPTs are undertaken in the Company's best interest and not detriment to the minority shareholders interest and are done under fair and reasonable grounds and normal commercial terms.<br><br>(v) Reviewed Annual Report, CG Report and Circular to Shareholders. |





The key focus areas of the Board in year 2024 are as follows: (Cont'd)

| | |
|---|---|
| **Evaluate Leadership** | (i) Kelington committed to meeting its obligation under Paragraph 15.01A of MMLR – Fit and Proper requirements. Individuals acting as "Key Responsible Persons" are required to possess the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of that position, in tandem with good CG practices.<br><br>(ii) In FY2024, the Nomination Committee ("NC") assessed each person for new appointment or re-appointment of directors based on the Fit and Proper Policy. The NC also involved in the process of assessing the CFO's performance in FY2024.<br><br>(iii) Furthermore, the performance assessment of Key Responsible Persons was assessed by the Executive Directors and presented at the NC meeting for review in FY2024, to ensure that each person who holds a Key Responsible Person position has the appropriate skill set and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of responsible persons. |
| **Sustainability Management and Reporting** | (i) In 2024, the Board continued to drive sustainable growth and long-term value creation for Kelington and its stakeholders by further embedding sustainability into our strategic decision-making processes. We remain committed to fostering a culture of transparency, responsibility, and accountability in all aspects of our operations.<br><br>(ii) The Board reviewed the Strategic Plan with a focus on Sustainability Management. Our approach integrates environmental sustainability, social equity, and economic viability into our engineering solutions, aligning with global best practices and regulatory requirements.<br><br>(iii) The Board prioritised Sustainability Governance, monitoring ESG integration, identifying risks, and assessing management's efforts to address them. We also emphasised the importance of strong risk management to ensure resilience in the face of sustainability challenges.<br><br>(iv) The Board reaffirmed its commitment to ESG principles by enforcing key initiatives, including the integration of ESG factors into decision-making, and incorporating sustainability/ESG discussions into Board meetings. A biannual review of sustainability initiatives was also instituted to ensure continuous progress towards our sustainability goals.<br><br>(v) Kelington remains committed to transparency and sustainability excellence. We will continue to report on key sustainability matters in our Annual Report for 2024 and disclose climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD).<br><br>(vi) The Board review the Occupational Safety & Health and Environment Report quarterly to ensure compliance, monitor workplace safety, and drive continuous improvement in environmental and health standards. |

Looking ahead to 2025, the priorities of the Board will be in the following areas:

| | |
|---|---|
| **Strategic Plan & Financial Performance** | **Strategic Direction:**<br><br>The Board will continue to refine and execute the strategic plan, emphasising sustainable growth, innovation, and operational excellence. This includes leveraging ESG as a business opportunity, exploring new markets and diversifying the business portfolio to mitigate risks and capitalise on emerging opportunities.<br><br>**Budget & Financial Targets:**<br><br>Approval and diligent monitoring of the budget for FY2025, with a focus on achieving set financial targets, improving cost efficiencies, and ensuring robust financial health. Emphasis on maintaining a strong order book and securing high-value contracts across key markets. |
| **Sustainability & ESG Integration** | **Enhanced ESG Practices:**<br><br>• Continue to strengthen Kelington's Sustainability Governance Structure and Compliance Framework. Prioritise ESG risks identified by management and integrate ESG considerations into all decision-making processes.<br><br>• We are committed to elevating the prominence of ESG on the boardroom agenda, with board members playing an integral role in guiding the Company's comprehensive sustainability journey. This approach ensures alignment with best practices, fosters accountability, and drives meaningful progress towards our ESG objectives.<br><br>**Sustainability Reporting:**<br><br>• Continue to align with enhanced sustainability reporting requirements, including the adoption of including the adoption of IFRS S1 & S2 with transitional relief.<br><br>• Focus on transparent disclosure of sustainability performance and climate-related impacts as per TCFD recommendations.<br><br>**Sustainable Operations:**<br><br>• Commit to reducing carbon emissions, optimising resource usage, and implementing green technologies across operations.<br><br>• Ensure the integration of ESG measures across all operations, managing impacts, and creating value.<br><br>• Promote the adoption of sustainable practices among suppliers and stakeholders. |





Looking ahead to 2025, the priorities of the Board will be in the following areas: (Cont'd)

| | |
|---|---|
| **Corporate Governance and Compliance** | **Governance Practices:**<br><br>Maintain adherence to the MCCG and other relevant regulatory requirements. Regularly review and update governance policies to ensure best practices.<br><br>**Ethical Conduct:**<br><br>Strengthen the implementation of the Anti-Bribery and Corruption Policy, and ensure rigorous monitoring of related party transactions and conflicts of interest to uphold integrity and transparency.<br><br>**Board Composition & Effectiveness:**<br><br>Continuously evaluate the balance, composition, and diversity of the Board. Provide ongoing training and development programs to enhance directors' competencies and effectiveness. |
| **Succession Planning** | **Leadership Transition:**<br><br>The Board will remain focus on effectively managing the transition of key leadership positions in the event of retirement, resignation, or unexpected departure to ensure business continuity and minimises disruptions during times of transition.<br><br>**Ongoing Development:**<br><br>Prioritise the ongoing development and sourcing of suitable trainings to enhance their skills and capabilities, and fostering a culture of continuous learning and growth. |
| **Stakeholder Engagement & Value Creation** | **Shareholder Value:**<br><br>Focus on creating long-term value for shareholders through consistent financial performance and dividend payouts. Engage with investors transparently and address their concerns promptly.<br><br>**Employee Development:**<br><br>Foster a thriving workplace by investing in employee training, development, and well-being. Promote diversity, equity, and inclusion within the workforce.<br><br>**Community Investment:**<br><br>Actively participate in community development initiatives and support local economic growth. Implement programs that address social and environmental issues, contributing positively to the communities where Kelington operates. |

## PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS

#### 1.1 Strategic Aims, Values and Standards

The Board is collectively responsible for the overall strategic plans and long-term success of the Group and provides oversight of Management's performance, risk management and internal controls as well as compliance with regulatory requirements. The functions of the Board and the Management are clearly defined to ensure the effectiveness of the Group's business and operations. The Board provides leadership and direction to the operations of the Group while the Management is accountable for the execution of policies and meeting corporate objectives.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is subject to periodic review and revised as and when required. In order to retain control of key decisions and ensure a clear division of responsibilities, the Board Charter also sets out the matters reserved for Board's decision. The Board Charter is available on the Company's corporate website.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objectives of the Group:

- Reviewing and adopting a strategic plan;
- Overseeing and monitoring the conduct of business;
- Reviewing the adequacy and integrity of the management information and internal control systems;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Ensuring effective communication with stakeholders;
- Overseeing anti-bribery function and reporting activity; and
- Formulation of strategies to promote sustainable development in areas covering economics, environment and social development.

**Governance Model**

In order to ensure effective discharge of the roles and responsibilities, the Board has established a Governance Model for the Group, and delegates and confers some of the Board's authority and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors, which operate within clearly defined Terms of Reference ("ToR"). The ultimate responsibility for the final decision on all matters, however, lies with the Board.

A governance structure, detailing the delegation of responsibilities from the Board to the relevant Board Committees and the Management of the Company, is disclosed in the Overview section of this Annual Report on page 9. The Board Committees consist of the Audit Committee ("AC"), RMC, NC and Remuneration Committee ("RC"). Each Board Committee has its own ToR which clearly outlines its objectives, composition, roles and responsibilities, authority and procedures. The ToRs are reviewed periodically by each Board Committee and endorsed by the Board to ensure effective and efficient decision-making within the Group. The ToRs of the respective Board Committees are set out as appendices to the Board Charter and are available on the Company's corporate website.

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





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

### PART I – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.2 Chairman

The Chairman of the Board, Ir. Gan Hung Keng who is the founder of the Company, leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He chairs the meetings of the Board and the shareholders.

#### 1.3 Separation of the Positions of the Chairman and CEO

The roles of the Chairman and CEO have not been separated, and both functions continue to be held by Ir. Gan Hung Keng.

Nonetheless, the Board has established the roles and responsibilities of the Chairman, which are distinct and separate from the duties and responsibilities of the CEO as set out in the Board Charter.

Half of the Board comprises Independent Directors. All decisions of the Board are made unanimously or by consensus. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

#### 1.4 No Chairman on Board Committee

To limit the influence of the chairman in the deliberation at the Board Committee levels which provides better checks and balances and ensures objective review, the Chairman of the board is not a member of the AC, RMC, NC, or the RC. The Chairman, who is also the CEO of the Company, has recused himself from participating and attending the Board Committee meetings and will only attend when it is necessary for him to be present as the CEO. His presence is a testament to his extensive knowledge and experience, which greatly benefits the discussions.

The Board firmly believes that this practice does not compromise the Chairman's or the Board's objectivity when considering the observations and recommendations presented by the Committees. Each Director thoroughly examines and discusses matters collectively, ensuring a comprehensive and unbiased decision-making process.

#### 1.5 Qualified and Competent Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries. The Company Secretaries provide guidance to the Board, particularly on CG issues and compliance with relevant policies and procedures, rules and regulatory requirements, and ensuring good information flow within the Board, Board Committees and Management.

The Company Secretaries attend all meetings of the Board and Board Committees and guide the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016 and other relevant legislations. The Company Secretaries shall continue to guide the Directors on the requirement to be observed arising from new regulation and guidelines issued by authorities.

Further details on the role of the Company Secretaries are set out in the Company's Board Charter which is available on the Company's website at www.kelington-group.com.

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

## PART I – BOARD RESPONSIBILITIES (CONT'D)

### 1. BOARD'S LEADERSHIP ON OBJECTIVES AND GOALS (CONT'D)

#### 1.6 Access to Information and Advice

The Board recognises that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.

The meetings of the Board and Board Committees, and the annual general meeting ("AGM") for the ensuing year are scheduled in advance prior to the end of the current financial year. This enables Management to plan ahead the yearly business and corporate affairs, and ensure timely preparation of information for dissemination to the Board so as to achieve meeting effectiveness.

The Board has a defined schedule of matters reserved for the Board's decision. The Notice of meetings setting out the agenda and the Board papers for meetings will be circulated to the Board at least 5 business days before the meetings. This is to ensure that Directors have sufficient time read through the meeting papers and obtain further explanation from Management, where necessary, prior to the meetings and prepared for quality deliberations and effective decision-making during the meetings. Any Director may request matters to be included in the agenda.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensure that the deliberations at Board and Board Committee meetings are well documented. The minutes of the previous Board and Board Committee meetings are distributed to the Directors prior to the meeting for their perusal before confirmation at the following Board and Board Committee meetings.

The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on an ongoing basis to enable them make informed decisions to discharge their duties and responsibilities. Relevant management team is requested to attend Board and Board Committee meetings to present and provide additional information on matters being discussed and to respond to any queries raised by the Directors.

Any matters requiring the sanction of the Board may be sought by way of Directors' circular resolutions. All circulation resolutions approved by the Board are tabled for notation at the Board Meetings. The Board is also notified of any announcements released by the Company to Bursa Securities.

### 2. DEMARCATION OF RESPONSIBILITIES

#### 2.1 Board Charter

The Company has in place a Board Charter, which serves to ensure that all Board members are aware of their roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates the manner in, which the Board conducts business in accordance with sound CG principles. The Board Charter also serves as reference criteria for the Board in the assessment of its own performance, individual Directors and the Board Committees.

The Board shall periodically review and update the Board Charter to ensure it remains consistent with the Company's objectives and their responsibilities and the prevailing regulatory requirements.

A copy of the Board Charter is available at the Company's corporate website. The Board Charter was last reviewed and revised in April 2025.





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

## PART I – BOARD RESPONSIBILITIES (CONT'D)

### 3. PROMOTING GOOD BUSINESS CONDUCT AND CORPORATE STRUCTURE

#### 3.1 Ethics and Compliance

In alignment with the principles of sound CG, the Board is committed to promoting a culture of integrity and ethical values. Kelington has put in place its set of Code of Ethics and Conduct ("CoEC"), which applies to all Directors, employees, and third parties performing services for the Company. The CoEC defines the ethical standards expected from each individual and must be adhered to with professionalism and integrity. All employees and Directors must adhere to the provisions of the Codes/Policies with professionalism and integrity throughout their employment or tenure with the Company.

The Board had adopted an Anti-Bribery and Corruption ("ABC") Policy which applies to all Directors and employees of the Group as well as the Group's agents and contractors. The ABC Policy makes references to the CoEC, No Gift Policy and Whistleblowing Policy.

The ABC Policy supplements the CoEC and serve as a control measure to address and manage the risk of fraud, bribery, corruption, misconduct, and unethical practices for the benefit of the long-term success of the Company and provides the basis on which the Company will be able to defend itself against any corruption charges that may be brought against the Company.

The RMC reviews the Group's anti-corruption compliance programme periodically to assess the performance, efficiency, and effectiveness of the Group's ABC processes.

A platform was provided for its employees, business associates, and members of the public who have concerns on suspected misconduct (including fraud, bribery, theft, abuse of power, and violation of laws and regulations) to report the suspected incident directly to the Corporate Compliance and Integrity Department ("CCID"). Through this policy, the Group can preserve its culture of openness, accountability, and integrity to enable whistle blowers to express their concerns without fear of punishment or unfair treatment.

All written reports should be submitted directly to the CCID via email at ccid@kelington-group.com. Additionally, our Senior Independent Director, Mr Ng Meng Kwai, serves as a designated point of contact for consultations and direct communication with shareholders regarding matters that cannot be resolved through the standard channels of communication with the Chairman, Group Managing Director, or Group Executive Director. His contact email is also disclosed in the annual report under the Corporate Information section.

The Board, through the AC, reviews and monitors conflicts of interest or potential conflicts of interest, including any involvement in competing businesses. Directors holding significant commitments outside of Kelington Group are required to disclose them prior to appointment and on an ongoing basis whenever changes occur.

The ABC Policy, CoEC, Conflict of Interest Policy and Whistleblowing Policy are available at the Company's corporate website.

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

**PART I – BOARD RESPONSIBILITIES (CONT'D)**

**3. PROMOTING GOOD BUSINESS CONDUCT AND CORPORATE STRUCTURE (CONT'D)**

**3.2 Whistleblowing Policy**

The Board has adopted a Whistleblowing Policy ("Policy") that can be accessed at the Company's website at www.kelington-group.com.

The Policy facilitates the disclosure of improper conduct (wrongdoings or criminal offences) within the Group and provides guidance on how disclosures shall be made.

The AC and Chief Executive Officer of the Company have overall responsibility for the implementation of the Policy. The administration of the Policy is carried out by the CCID. The AC exercises the oversight function over the administration of the Policy.

The Policy sets out detailed procedures on how to make a complaint, the procedures after a complaint is received, and provides general information about whistleblowing and whistleblower protection.

**4. SUSTAINABILITY MANAGEMENT**

**4.1 Sustainability Governance Structure**

The Group has a sustainability governance structure to oversee the implementation of sustainable practices across all the operations of the Group. The Board is responsible for steering the Group in the direction of achieving overall sustainable growth.

Please refer to the sustainability governance structure and compliance framework on pages 25 to 27 of this Annual Report.

The Executive Management Committee evaluates overall sustainability risks and opportunities; oversees implementation of the sustainability strategy; and assists in sustainability oversight by reviewing the Sustainability Statement.

The Sustainability Working Group ("SWG") oversees the operational aspects in relation to safety, health, social and environmental sustainability. The SWG shares report to the Group COO on a quarterly basis.

**4.2 Communication of Sustainability Strategies and Targets**

The Board seeks to improve the Company's sustainability performance, transparency, and accountability, and has embedded the sustainability performance measures in the business to manage ESG factors.

Our sustainability targets established in FY2024 are structured around two pillars: sustainable values creation and managing impacts.

Please refer to our sustainability targets and compliance framework on pages 40 to 44 of this Annual Report.




CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

**PART I – BOARD RESPONSIBILITIES (CONT'D)**

**4. SUSTAINABILITY MANAGEMENT (CONT'D)**

**4.3 Managing Sustainability Risks and Opportunities**

To strengthen the Group's sustainable strategy framework, Kelington ensure the Board comprises Directors with relevant ESG expertise and experience, and will include ESG as one of the criteria to select future candidates for the Board.

The RMC actively reviews ESG-related risks and opportunities, ensuring they are integrated into the Company's overall risk management strategy and aligned with the Group's sustainability commitments. The ESG Risk Register was presented to the RMC in November 2024. In FY2024, all ESG topics identified by stakeholders were addressed, with a focus on several key areas: environmental, social, governance & ethics, and economic growth & business sustainability. To ensure continued oversight, the Board reviewed the Occupational Safety & Health and Environment Report on a quarterly basis. Additionally, mitigating cybersecurity risks remained a priority to safeguard the Company's operations, data, and reputation in an increasingly digital world.

By proactively managing these ESG priorities and addressing key risks, the Board aims to strengthen the Company's resilience, foster stakeholder trust, and create long-term sustainable value. Furthermore, the Board actively participates in initiatives to stay informed on sustainability issues relevant to the Group and the industry, including climate-related risks and opportunities.

ESG discussions had been integrated into the boardroom agenda under the banner of the Sustainability Focus and permeated throughout the deliberations of the board in terms of the Company's strategies. We commit to conducting these discussions on a biannual basis, ensuring ESG remains a central focus and priority in our corporate governance framework.

The Board had established ESG related policies and guided the management and business functions in effectively implementing ESG strategies and addressing ESG issues. Please refer to pages 42 to 44 for more information on the manner in which Kelington manages its sustainability matters.

**4.4 Performance Evaluation**

The Board Performance Evaluation Form which included the assessment of the Board's performance and effectiveness in addressing the Group's material sustainability risks and opportunities.

The Board, through the NC, has evaluated its performance in addressing the Group's strategic and business plans which promote sustainability materials matters in the financial year 2024.

The Board monitors the performance of executive and senior management in addressing the Group's material sustainability matters. Progress updates are provided twice a year during Board meetings, with the latest update presented in November 2024. The NC had also conducted assessment of fit and proper of directors and other Key Responsible Persons. The Board is committed to ensuring that each person who holds a Key Responsible Person position has the appropriate skill set and experience commensurate with the role that they hold, and will make all final determinations on the fitness and propriety of responsible persons.

Please refer to our progress against the achievement of sustainability targets on pages 40 to 41 of this Annual Report.

**4.5 Chief Sustainability Officer**

The COO of the Group, Mr. Ong Weng Leong was nominated in year 2021 by the Board to provide dedicated focus to managing sustainability strategically, including the integration of sustainability considerations into the operations of the Company. Mr. Ong provides leadership over implementation of sustainability strategy and oversee departments in ensuring robustness of system of sustainability management.

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

## PART II – BOARD COMPOSITION

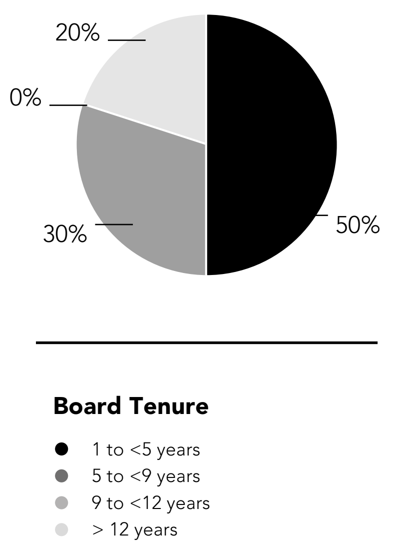
The Board has ten (10) members, comprising one (1) Executive Chairman, one (1) Executive Director, five (5) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

The Board consists of members with a balance of skills, attributes, knowledge, and experience. They are industry leaders and professionals who possess the background and expertise in specialised fields such as strategic planning, engineering and construction, corporate finance and accounting, industrial gases industry, and risk management which are critical to the Group's business and sustainability. Each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

### 5.1 Tenure of the Board

The Board tenure disclosed below was based on the date of appointment of the respective Directors to the Board of Kelington.

| Board of Directors | Tenure |
|---|---|
| **Ir. Gan Hung Keng**<br>Executive Chairman/Chief Executive Officer | 25 years & 2 months |
| **Ong Weng Leong**<br>Executive Director/Chief Operating Officer | 20 years & 5 months |
| **Soh Tong Hwa**<br>Non-Independent Non-Executive Director | 5 years & 6 months |
| **Cham Teck Kuang**<br>Non-Independent Non-Executive Director | 5 years & 6 months |
| **Hu Keqin**<br>Non-Independent Non-Executive Director | 5 years & 6 months |
| **Ng Meng Kwai**<br>Senior Independent Non-Executive Director | 2 years & 5 months |
| **Rahima Beevi Binti Mohamed Ibrahim**<br>Independent Non-Executive Director | 2 years & 2 months |
| **Chin Wei Min**<br>Independent Non-Executive Director | 1 year & 8 months |
| **Chow Meow Luan**<br>Independent Non-Executive Director | 1 year & 8 months |
| **Ng Lee Kuan** (1)<br>Independent Non-Executive Director | 4 years & 2 months |




*Note:*

(1) *Ms. Ng Lee Kuan was first appointed as an Independent Non-Executive Director of the Company on 1 November 2019 and served until her resignation on 31 August 2023. She was reappointed to the Board as an Independent Non-Executive Director on 1 December 2024.*

The Board will continue to review the Board composition and evaluate the need to bring new skills and perspectives to the boardroom.





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

## PART II – BOARD COMPOSITION (CONT'D)

### 5.2 Board Composition

Kelington was added to the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index ("Indexes") on 20 December 2021 and has remained in the Indexes for FY2024. Additionally, Kelington is a company with a market capitalisation of more than RM2 billion, thereby qualifying as a Large Company under the MCCG 2021. For large Companies, the board should comprise a majority of independent directors.

The present composition of the Board with half of its members being Independent Directors is in compliance with Paragraph 15.02 of the MMLR which stipulates that at least 2 Directors or 1/3 of the Board, whichever is higher must be Independent Directors.

Although the Board composition is not in line with recommendation of the MCCG 2021 for the boards of Large Companies to be comprised of a majority of independent directors, the Board is of the view that the current number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

The NC reviews the composition of the Board periodically to ensure effective oversight of management as well as to support objective and independent deliberation, review, and decision-making.

### 5.3 Tenure of Independent Director

The NC carries out the evaluation of independence for each Independent Director annually.

The NC has undertaken a review and assessment of the level of independence of the Independent Directors during the FY 2024 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board and Management of the Group at a Board Meeting during the year.

The Board noted the recommendation of the MCCG 2021 that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the independent director may continue to serve on the board as an ID, subject to the following:

a) assessment by the NC, regarding the independence and contributions; and

b) shareholders' approval in a general meeting via a two-tier voting process, where the Board must provide its justification on the recommendation.

If the tenure of an independent director exceeds 12 years, the ID must resign or be re-designated as non-independent director. Details of which have set out in the Board Charter, which is available on the Company's website.

Mr. Soo Yuit Weng, the Senior Independent Non-Executive Director, had served the Company for a cumulative term exceeding 12 years. In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which limit the tenure of an independent director to 12 years, he resigned as a Director of the Company on 30 November 2024.

Subsequently, in February 2025, the Company formally adopted an Independent Directors' Nine-Year Tenure Policy, aligning with the recommendations of the MCCG 2021.

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

## PART II – BOARD COMPOSITION (CONT'D)

### 5.4 Policy of Independent Director's Tenure

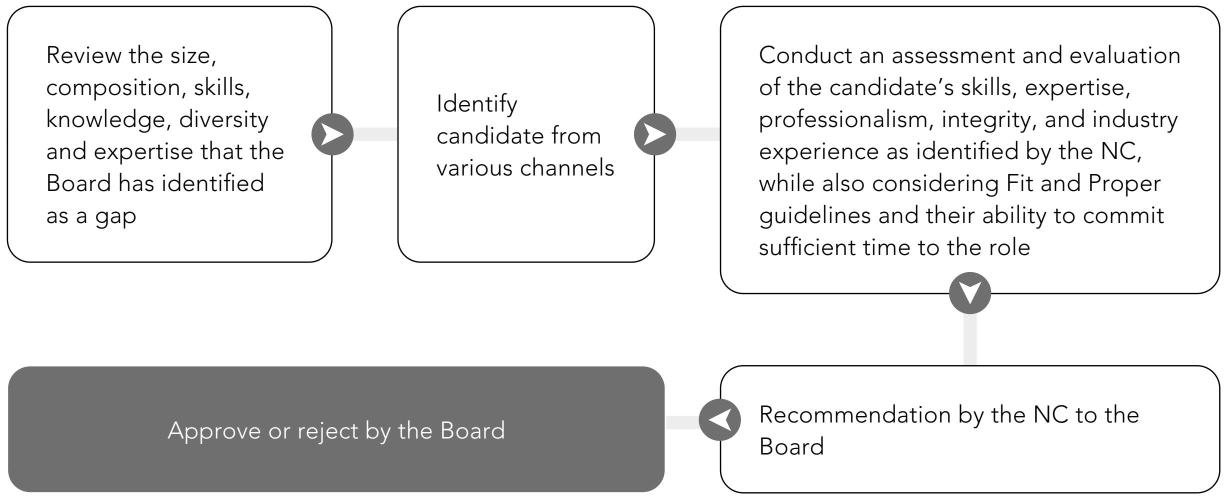
The Board has fully adopted the Independent Directors' Nine-Year Tenure Policy, in strict compliance with the MCCG 2021 guidelines. Under this policy, the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion, they must vacate their Board seat but may continue serving as a non-independent director, subject to Board approval and regulatory compliance.

Further details on this policy are set out in the Board Charter, available on the Company's website.

### 5.5 Identification of New Candidates for Appointment of Directors

The Board has entrusted the NC with the responsibility to consider, review, and recommend the appointment of potential candidates to the Board as proposed by Management or any Director, major shareholder taking into consideration the candidates' skills, knowledge, expertise, and experience, time commitment, character, professionalism, and integrity based on the 'Fit and Proper' Guidelines for key responsible persons as prescribed in the Board Charter.

The chart below illustrates the procedures on the appointment of new Director:




The appointment of Key Senior Management of the Company is based on merit and with due regard to the diversity in skills, experience, age, cultural background and gender.

The Directors' Fit and Proper Policy is subject to be reviewed by the Board periodically and a copy of which is embedded in the Board Charter, can be accessed on the Company's website.




CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

## PART II – BOARD COMPOSITION (CONT'D)

### 5.6 Disclosure on the appointment of Director

The Board has established a procedure for the recruitment and appointment of Directors, ensuring that the selection process is not solely based on recommendations from existing Board members and Management. In identifying experienced, qualified, and fit-for-purpose candidates, the Board considers various approaches, including external sources such as the Institute of Corporate Directors Malaysia (ICDM) and other business networks, as well as other independent sources when necessary, as outlined in the Board Charter.

The Board and NC shall be guided by the broad Fit and Proper, and Independence criteria as set out in the Board Charter which had been published on the Company's website to review and assess the new candidate that is to be appointed to the Board. The selection criteria for an independent Non-Executive Director which may include:

- Required skills, knowledge, expertise and experience;
- Time commitment, character, professionalism and integrity;
- Ability to work cohesively with other members of the Board;
- Specialist knowledge or technical skills in line with the Kelington's strategy;
- Diversity in age, gender and experience/background; and
- Number of directorships in companies outside the Group.

In FY2024, Mr. Soo Yuit Weng had resigned as a Director of the Company on 30 November 2024 to align with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which limit the tenure of an independent director not to exceed 12 years. Consequently, Ms. Ng Lee Kuan was appointed as a Director of the Company with effect from 1 December 2024, succeeding Mr. Soo Yuit Weng ("Appointment"). The Appointments followed the aforementioned procedure.

The NC satisfied that Ms. Ng is suitable and fit into the long-term business strategy and growth of the Group going forward after assessment of their background, professional qualification, knowledge, integrity and competencies, independence, as well as fulfilment of criteria set out in the Fit and Proper Guidelines. A brief description of Ms. Ng's background is disclosed in the Directors' Profile section of this Annual Report.

### 5.7 Chairmanship of the Nomination Committee

The NC comprises all Independent Non-Executive Directors, as follows:

- Puan Rahima Beevi Binti Mohamed Ibrahim (Independent Non-Executive Director) – Chairwoman
- Ms. Chow Meow Luan (Independent Non-Executive Director) – Member
- Mr. Chin Wei Min (Independent Non-Executive Director) – Member

*Notes:*

1) *Mr. Soo Yuit Weng, who served as the Chairman of the NC, resigned as a Director of the Company on 30 November 2024. Effective 1 December 2024, Puan Rahima Beevi Binti Mohamed Ibrahim was redesignated as the Chairwoman of the NC, succeeding Mr. Soo.*

2) *Mr. Ng Meng Kwai ceased to be a Member of the NC, and Mr. Chin Wei Min was appointed as his replacement w.e.f 15 April 2025.*

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

**PART II – BOARD COMPOSITION (CONT'D)**

**5.7 Chairmanship of the Nomination Committee (Cont'd)**

The specific responsibilities of the NC Chairman are set out in the ToRs of the NC which is available on the Company's website.

Based on the assessment performed for the financial year 2024, the Board was satisfied that the NC has fulfilled its roles and discharged its duties effectively.

The NC is responsible for assessing the adequacy and appropriateness of the board composition with boardroom diversity and mix of skills to ensure the sustainability of the Group, attracting and retaining qualified candidates for Board membership, succession planning, skill development and also assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs, of the Company and determine skills matrix to support strategic direction and needs of the Company.

The ToR of the NC is set out in the Board Charter and is available at the corporate website.

A summary of key activities undertaken by the NC, in discharging its functions and duties during the financial year under review is set out below:

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, Board Committees and contribution of each individual Director;
- Reviewed and assessed the independence of the Independent Directors;
- Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the AGM of the Company;
- Reviewed and assessed the term of office and performance of the AC and each of its members;
- Reviewed and assessed the performance of the Chief Financial Officer;
- Reviewed and assessed the fit and proper assessment for Key Responsible Person;
- Assessed the training needs of the Directors; and
- Reviewed and assessed the appointment of new director and Board Committees members.

**5.8 Board Diversity**

The Company believes that a truly diverse Board will leverage differences in perspective, knowledge, skills, industry experience, background, age, ethnicity, race and gender among the Directors, and these differences will be considered in determining the optimum composition of the Board.

The Board is of the view that whilst promoting boardroom diversity is essential, the ultimate decision should be based on the merit and the contribution that the selected candidates will bring to the Board.

The Company has a board diversity policy which stated among others the commitment to ensure the requisite diversity of our Board members, encompassing for example, age, ethnicity and gender and leveraging on differences in thought, perspective, knowledge, skill, regional and industry experience and background. These will provide the necessary perspectives, experience and expertise required to achieve effective stewardship and management of the Company by the Board.

The board diversity policy, which is embedded in the Board Charter, can be accessed at www.kelington-group.com.





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

**PART II – BOARD COMPOSITION (CONT'D)**

**5.9 The Board comprises at least 30% Women Directors**

The Board recognises the importance of boardroom diversity and remains committed to achieving and maintaining at least 30% female representation on the Board, reflecting its belief in fostering diverse perspectives and inclusivity in leadership.

As of the financial year ended 31 December 2024, the Company has achieved its target of 30% women directors. The Board now comprises 3 female directors out of a total of 10 directors, namely Puan Rahima Beevi Binti Mohamed Ibrahim, Ms. Chow Meow Luan, and Ms. Ng Lee Kuan. This reflects the Board's dedication to enhancing diversity, improving decision-making, and aligning with best governance practices.

The Board will continue to ensure that diversity remains a key consideration in future board appointments, sustaining its commitment to an equitable and inclusive corporate culture.

**5.10 Diversity in Management Team**

Kelington had a Diversity, Equity & Inclusion Policy in placed to create a work environment that is premised on gender and diversity equity which encourages and enforces: (i) respectful communication and co-operation between all employees and stakeholders; (ii) teamwork and employee participation; (iii) work/life balance through flexible work schedules to accommodate employees' varying needs; (iv) fairness and equal access to opportunities and resources within the organisation; and (v) employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

Please refer to page 98 of this Annual Report for more information about our diverse and inclusive workplace.

**6. OVERALL BOARD EFFECTIVENESS**

**6.1 Annual Evaluation**

The NC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The assessment of the Board is based on specific criteria which is guided by the CG Guide issued by Bursa Securities, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's role and responsibilities.

In addition, the NC conducted a peer review of Directors based on established evaluation criteria, including integrity, professionalism, knowledge, performance, participation in Board meetings, contributions, and board relationships.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next AGM.

Based on the annual assessment conducted, the NC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6. OVERALL BOARD EFFECTIVENESS (CONT'D)

6.2 Re-election of Retiring Directors

In accordance with the Company's Constitution, one third of the Directors (with the exception of the Alternate Director) are subject to retirement by rotation annually and all Directors shall retire from office once at least every three years. The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election. The Directors appointed during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

The following Directors are subject to retirement at the forthcoming 25th AGM and they have expressed their willingness to seek for re-election at the 25th AGM:

(i) Mr. Ong Weng Leong is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution;
(ii) Mr. Cham Teck Kuang is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution;
(iii) Mr. Hu Keqin is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution; and
(iv) Ms. Ng Lee Kuan is subject to retirement pursuant to Clause 104 of the Company's Constitution.

Pursuant to the NC's recommendation following the assessment carried out in February 2025 for the retiring directors through the Directors' Evaluation Form set out in the Directors' Fit and Proper Policy, the Board is satisfied that the Retiring Directors possess the character, experience, integrity, competence, and time required to effectively discharge their duties as Directors of the Company. Accordingly, the Board seeks shareholders' approval for their re-election at the forthcoming AGM.

6.3 Board Commitment

The Board schedules meetings on a quarterly basis, with additional meetings convened as needed for deliberation and approval. A total of 6 Board meetings were held in FY2024.

To ensure all the Directors are able to attend the Board and Board Committees meetings, the meeting schedule is circulated in advance before the commencement of the financial year, allowing the Directors to plan their schedules. The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills.





PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6. OVERALL BOARD EFFECTIVENESS (CONT'D)

6.3 Board Commitment (Cont'd)

In this respect, none of the Directors hold more than 5 directorships in listed corporations, in line with the Board's commitment to ensuring that Directors have sufficient time to fulfill their roles and responsibilities effectively. The Board and Board Committees have discharged their roles and responsibilities by attending the Board and Board Committees meetings held during FY2024, demonstrating their commitment, as reflected in the attendance record set out in the table below:

| Meeting Attendance | Board | Audit Committee | Risk Management Committee | Nomination Committee | Remuneration Committee | General Meeting |
|---|---|---|---|---|---|---|
| Ir. Gan Hung Keng | 6/6 | – | – | – | – | 2/2 |
| Ong Weng Leong | 6/6 | – | – | – | – | 2/2 |
| Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman (1) | 1/1 | – | – | 1/1 | 1/1 | – |
| Soo Yuit Weng (2) | 6/6 | 6/6 | – | 1/1 | 1/1 | 2/2 |
| Cham Teck Kuang | 6/6 | – | 2/2 | – | – | 2/2 |
| Hu Keqin | 6/6 | – | 2/2 | – | – | 2/2 |
| Soh Tong Hwa | 4/6 | – | 2/2 | – | – | 1/2 |
| Ng Meng Kwai | 6/6 | 6/6 | – | – | – | 2/2 |
| Rahima Beevi Binti Mohamed Ibrahim | 4/6 | – | – | 1/1 | 1/1 | 2/2 |
| Chin Wei Min (3) | 6/6 | – | 2/2 | – | – | 2/2 |
| Chow Meow Luan (4) | 6/6 | 6/6 | – | – | – | 2/2 |
| Ng Lee Kuan (5) | – | – | – | – | – | – |

Notes:

(1) *Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman was resigned as a Senior Independent Non-Executive Director, Chairman of RC and Member of NC on 29 February 2024.*

(2) *Mr. Soo Yuit Weng was resigned as a Senior Independent Non-Executive Director, Chairman of NC and Member of RC on 30 November 2024.*

(3) *Mr. Chin Wei Min was appointed as a Member of RC on 1 March 2024 due to the resignation of Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman. Subsequently, he ceased to be a Member of the RC, and appointed as a member of NC effective 15 April 2025.*

(4) *Ms. Chow Meow Luan was appointed as a Member of NC on 1 March 2024 due to the resignation of Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman.*

(5) *Ms. Ng Lee Kuan was appointed as an Independent Non-Executive Director, and Members of AC, NC and Risk Management Committee on 1 December 2024.*

Additionally, Directors are required to notify the Chairman before accepting any new directorships in public listed companies.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## PART II – BOARD COMPOSITION (CONT'D)

### 6. OVERALL BOARD EFFECTIVENESS (CONT'D)

#### 6.3 Board Commitment (Cont'd)

During the FY2024, all the Directors had attended trainings, seminars, conferences, and exhibitions which the Directors considered vital in keeping abreast with the changes in laws and regulations, business environment, and CG development, as detailed hereunder:

| Name of Director | Course Attended | Date |
|---|---|---|
| **Ir. Gan Hung Keng** | Webinar on the Consultation Paper: Proposed National Sustainability Reporting Framework by Advisory Committee on Sustainability Reporting | 5 March 2024 |
| | Daiwa Investment Conference Tokyo 2024 | 5 - 6 March 2024 |
| | The Edge-HSBC New Era for Electrical and Electronics (E&E) Industry Forum 2024: Riding the Next Wave | 9 September 2024 |
| | J.P. Morgan's ASEAN TMT (Technology, Media & Telecom) & Fintech Access Series 2024 (Virtual) | 18 September 2024 |
| **Ong Weng Leong** | Daiwa Investment Conference Tokyo 2024 | 5 - 6 March 2024 |
| | KPMG Board Leadership Centre Webinar titled "What you need to know about the Bursa's Amended Listing Requirements on Conflict of Interest" | 20 March 2024 |
| | People & Culture Conference 2024 | 6 – 7 August 2024 |
| | The PowerTalk by Institute of Corporate Directors Malaysia: Strategic Data and Frameworks in Board Governance | 2 December 2024 |
| **Soo Yuit Weng** *(resigned on 30 November 2024)* | Guidelines on e-invoicing by Malaysia Institute of Accountants (MIA) | 30 January 2024 |
| | Transfer pricing documentation by Charted Tax Institute of Malaysia (CTIM) | 8 August 2024 |
| | Capital statement in Malaysia by MIA | 14 October 2024 |
| | 2025 Budget Seminar by CTIM | 6 November 2024 |
| **Soh Tong Hwa** | Webinar on Conflict of Interest and Governance of COI Programme organised by The Iclif Executive Education Center at Asia School of Business. | 12 September 2024 |
| | Mandatory Accreditation Programme Part II: Leading for Impact | 13 – 14 November 2024 |
| **Hu Keqin** | Webinar on Conflict of Interest and Governance of COI Programme organised by The Iclif Executive Education Center at Asia School of Business | 23 July 2024 |
| | Enhance compliance through Malaysia's Tax Corporate Governance Program (Virtual) by KPMG | 4 October 2024 |
| **Cham Teck Kuang** | KPMG Board Leadership Centre Webinar titled "What you need to know about the Bursa's Amended Listing Requirements on Conflict of Interest" | 20 March 2024 |
| | Enhance compliance through Malaysia's Tax Corporate Governance Program (Virtual) by KPMG | 4 October 2024 |
| | Bursa PLCs IR4U Series 17 Webinar: Capacity Building Series - Driving Change: Practical Steps to Embed Sustainability in Your Organisation | 3 December 2024 |





PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## PART II – BOARD COMPOSITION (CONT'D)

### 6. OVERALL BOARD EFFECTIVENESS (CONT'D)

#### 6.3 Board Commitment (Cont'd)

| Name of Director | Course Attended | Date |
|---|---|---|
| **Ng Meng Kwai** | MIA Town Hall 2023/2024 (Session 2) organised by Malaysia Institute of Accountants (MIA) | 24 April 2024 |
| | Mandatory Accreditation Programme Part II: Leading for Impact | 10 – 11 July 2024 |
| | Case Study – Based MFRS Webinar: 2024 MFRS Technical Update | 17 July 2024 |
| | Enhance compliance through Malaysia's Tax Corporate Governance Program (Virtual) by KPMG | 4 October 2024 |
| | Case Study – Based MFRS Webinar: Reporting Financial Performance for Public and Private Entities (MFRS/MPERS) | 21 October 2024 |
| | 2025 Budget Seminar by Charted Tax Institute of Malaysia | 21 November 2024 |
| **Rahima Beevi Binti Mohamed Ibrahim** | Accredited Certified Coach (ACC) with International Coaching Federation (ICF) | 11 January 2024 |
| | EQi-2.0 & EQ 360 Certification Program | 29 March 2024 |
| | Mandatory Accreditation Programme Part II: Leading for Impact | 3 – 4 July 2024 |
| | Enhance compliance through Malaysia's Tax Corporate Governance Program (Virtual) by KPMG | 4 October 2024 |
| **Chow Meow Luan** | A talk on "Sustainable Sustainability – Why ESG Is Not Enough" by The Iclif Executive Education Center at Asia School of Business | 1 March 2024 |
| | Mandatory Accreditation Programme Part II: Leading for Impact | 10 – 11 July 2024 |
| | Enhance compliance through Malaysia's Tax Corporate Governance Program (Virtual) by KPMG | 4 October 2024 |
| **Chin Wei Min** | Mandatory Accreditation Programme Part II: Leading for Impact (LIP) | 3 – 4 July 2024 |
| | Distinguished Board Leadership Series 2024: Digital Transformation in the World's Best Bank by Financial Institutions Directors' Education Forum | 3 September 2024 |
| | Institute of Corporate Directors Malaysia (ICDM) LIP Alumni Networking Session | 11 September 2024 |
| | ICDM LIP Alumni Networking Session #4 | 29 November 2024 |
| | Bursa PLCs IR4U Series 17 Webinar: Capacity Building Series - Driving Change: Practical Steps to Embed Sustainability in Your Organisation | 3 December 2024 |
| | Webinar by Climate Governance Malaysia: Beyond COP— From Insights to Competitive Advantage | 3 December 2024 |

*Remark:*
*Ms. Ng Lee Kuan was appointed as an Independent Non-Executive Director on 1 December 2024.*

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge. Furthermore, the Company Secretaries regularly update and apprise the Directors on new or revised regulatory and statutory requirements.

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

## PART III – REMUNERATION

### 7. LEVEL AND COMPOSITION OF REMUNERATION

#### 7.1 Remuneration Committee

The RC is responsible for recommending the remuneration packages of Executive Directors to the Board for approval. Individual Directors shall abstain from decisions in respect of their individual remuneration.

The RC reviews annually the Directors' Remuneration (including Non-Executive Directors) for recommendation and approval by the Board. The Directors' remuneration payable to the Independent Non-Executive Directors will be tabled at the AGM for the approval of shareholders.

The RC comprises all Independent Non-Executive Directors, as follows:

(i) Puan Rahima Beevi Binti Mohamed Ibrahim (Independent Non-Executive Director) - Chairwoman
(ii) Ms. Ng Lee Kuan (Independent Non-Executive Director) - Member
(iii) Mr. Ng Meng Kwai (Senior Independent Non-Executive Director) - Member

*Notes:*
*1.) Mr. Soo Yuit Weng, who was a Member of the RC, resigned from his position as Director of the Company on 30 November 2024. Ms. Ng Lee Kuan has been appointed as a Member of the RC, succeeding Mr. Soo.*
2.) Mr. *Chin Wei Min ceased to be a Member of the RC, effective 15 April 2025.*
*3.) Mr. Ng* Meng Kwai was appointed as a Member of the RC, effective 15 April 2025.

The ToR of the RC is set out in the Board Charter and is available on the corporate website.

#### 7.2 Remuneration Policy

The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interests of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently competitive to attract and retain persons of high calibre. The remuneration policy is available on the corporate website.

### 8. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### 8.1 Detailed Disclosure of Directors' Remuneration

The remuneration of Independent Non-Executive Directors ("INED") is in the form of Directors' Fees, which reflects the diverse experience, skill sets and the level of responsibilities of the Non-Executive Directors. In addition, the INED are also paid a meeting allowance based on their attendance.

The remuneration of the Executive Directors and Non-Independent Non-Executive Directors ("NINED") are structured to link to their contributions for the year which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets, as well as strategic initiatives set at the beginning of each year.

The Executive Directors and NINED are not entitled to the Director's fee or any meeting allowance for Board or Board Committee Meetings they attended. Their remuneration package consists of a monthly salary, bonus and benefits-in-kind such as a company car and the benefit of Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.





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

## PART III – REMUNERATION (CONT'D)

### 8. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

#### 8.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2024 are as follows:

| COMPANY LEVEL | Fee (RM) | Salary & Allowance (RM) | Bonus (RM) | EPF (RM) | SOCSO (RM) | Share Based Payment (RM) | Benefits-in-kind (RM) | Gratuity Payment (RM) | Total (RM) |
|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | |
| Ir. Gan Hung Keng (1) | - | 960,000 | 887,361 | 115,200 | 1,218 | - | 28,000 | 794,800 (5) | 2,786,579 |
| Ong Weng Leong | - | 867,719 | 801,400 | 104,040 | 1,218 | - | 28,000 | 469,400 (5) | 2,271,777 |
| **Total** | **-** | **1,827,719** | **1,688,761** | **219,240** | **2,436** | **-** | **56,000** | **1,264,200** | **5,058,356** |
| **Non-Executive Directors** | | | | | | | | | |
| Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman (2) | 8,833 | - | - | - | - | - | - | - | 8,833 |
| Soo Yuit Weng (3) | 57,501 | - | - | - | - | - | - | - | 57,501 |
| Rahima Beevi Binti Mohamed Ibrahim | 55,595 | - | - | - | - | - | - | - | 55,595 |
| Chin Wei Min | 56,795 | - | - | - | - | - | - | - | 56,795 |
| Chow Meow Luan | 56,795 | - | - | - | - | - | - | - | 56,795 |
| Ng Meng Kwai | 57,280 | - | - | - | - | - | - | - | 57,280 |
| Ng Lee Kuan (4) | 9,698 | - | - | - | - | - | - | - | 9,698 |
| Cham Teck Kuang | - | - | - | - | - | - | - | - | - |
| Hu Keqin | - | - | - | - | - | - | - | - | - |
| Soh Tong Hwa | - | - | - | - | - | - | - | - | - |
| **Total** | **302,497** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **302,497** |
| **Total Directors' Remuneration** | **302,497** | **1,827,719** | **1,688,761** | **219,240** | **2,436** | **-** | **56,000** | **1,264,200** | **5,360,853** |

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

### PART III – REMUNERATION (CONT'D)

### 8. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

#### 8.1 Detailed Disclosure of Directors' Remuneration (Cont'd)

Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2024 are as follows: (Cont'd)

| GROUP LEVEL | Fee (RM) | Salary & Allowance (RM) | Bonus (RM) | EPF (RM) | SOCSO (RM) | Share Based Payment (RM) | Benefits-in-kind (RM) | Gratuity Payment (RM) | Total (RM) |
|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | |
| Ir. Gan Hung Keng [1] | - | 960,000 | 887,361 | 115,200 | 1,218 | - | 28,000 | 794,800 [5] | 2,786,579 |
| Ong Weng Leong | - | 867,719 | 801,400 | 104,040 | 1,218 | - | 28,000 | 469,400 [5] | 2,271,777 |
| **Total** | **-** | **1,827,719** | **1,688,761** | **219,240** | **2,436** | **-** | **56,000** | **1,264,200** | **5,058,356** |
| **Non-Executive Directors** | | | | | | | | | |
| Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman [2] | 8,833 | - | - | - | - | - | - | - | 8,833 |
| Soo Yuit Weng [3] | 57,501 | - | - | - | - | - | - | - | 57,501 |
| Rahima Beevi Binti Mohamed Ibrahim | 55,595 | - | - | - | - | - | - | - | 55,595 |
| Chin Wei Min | 56,795 | - | - | - | - | - | - | - | 56,795 |
| Chow Meow Luan | 56,795 | - | - | - | - | - | - | - | 56,795 |
| Ng Meng Kwai | 57,280 | - | - | - | - | - | - | - | 57,280 |
| Ng Lee Kuan [4] | 9,698 | - | - | - | - | - | - | - | 9,698 |
| Cham Teck Kuang | - | 844,649 | 598,499 | 35,800 | - | - | 119,764 | - | 1,598,712 |
| Hu Keqin | - | 848,739 | 598,499 | 45,842 | - | - | 119,764 | - | 1,612,844 |
| Soh Tong Hwa | - | 896,520 | 957,684 | 107,604 | 1,251 | - | 28,000 | - | 1,991,059 |
| **Total** | **302,497** | **2,589,908** | **2,154,682** | **189,246** | **1,251** | **-** | **267,528** | **-** | **5,505,112** |
| **Total Directors' Remuneration** | **302,497** | **4,417,627** | **3,843,443** | **408,486** | **3,687** | **-** | **323,528** | **1,264,200** | **10,563,468** |

*Remarks:*
*(1) Ir. Gan Hung Kengi is the Chief Executive Officer of the Group.*
*(2) Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman resigned on 29 February 2024.*
*(3) Soo Yuit Weng resigned on 30 November 2024.*
*(4) Ng Lee Kuan was appointed on 1 December 2024.*
*(5) At the 23rd AGM held on 21 June 2023, the Company obtained approval from the shareholders of the Company to grant a performance-based retirement gratuity payment to Ir. Gan Hung Keng and Ong Weng Leong. The amount stated above is the provision amount as at 31 December 2024.*





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

### PART III – REMUNERATION (CONT'D)

### 8. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT (CONT'D)

#### 8.2 Remuneration of Top Five (5) Senior Management

The Board acknowledges the need for transparency in the disclosure of its key Senior Management remuneration. The Board is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise, and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, the disclosure of specific remuneration information may give rise to recruitment and talent retention issues.

In addition, the Board is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the top five Senior Management personnel who are not Directors.

## PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I – AUDIT COMMITTEE

### 9. AUDIT COMMITTEE

**Composition of Audit Committee**

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions, as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is comprised solely of independent directors and is chaired by a Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board. All members of the Audit Committee are financially literate. The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out during the financial year 2024, are set out in the AC Report on pages 166 to 170 of this Annual Report.

The Board was satisfied with the performance of the AC and confirmed that they had carried out their duties and responsibilities effectively in accordance with the ToR.

**Relationships with the External Auditors**

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC, and the said policy has been incorporated into the ToR of the AC. Currently, no former partner of the External Auditors of the Company is appointed as a member of the AC.

The AC maintains a transparent and professional relationship with the External Auditors of the Company. The External Auditors fill an essential role by enhancing the reliability of the Company's Annual Audited Financial Statements and giving assurance to stakeholders of the reliability of the Annual Audited Financial Statements. The External Auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of Management; and, if necessary, to the AC and the Board.

The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors as well as to evaluate their independence. The terms of engagement for services provided by the External Auditors are reviewed by the AC before submitting to the Board for approval.

PRINCIPLE B **EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

**PART I – AUDIT COMMITTEE (CONT'D)**

**9. AUDIT COMMITTEE (CONT'D)**

**Relationships with the External Auditors (Cont'd)**

The AC undertakes an annual assessment of the suitability and independence of the External Auditors in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants ("MIA"). Under this policy, only non-audit services that are able to provide clear efficiencies and value-added benefits to the Group and do not impede the External Auditors' audit work will be accepted by the AC.

On the other hand, the AC also seeks written assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the MIA. The External Auditors provide such a declaration in their annual audit plan, presented to the AC prior to the commencement of the audit for a particular financial year.

In this regard, the AC had, on 25 April 2025, assessed the independence of Messrs. Crowe Malaysia PLT ("Crowe") as External Auditors of the Company and reviewed the level of non-audit services rendered by Crowe to the Company for the financial year 2024. The AC was satisfied with Crowe's technical competency and audit independence, and noted that the quantum of non-audit fees charged thereto was not material as compared to the total audit fees paid to Crowe. Details of statutory audit, audit-related and non-audit fees paid/ payable in the FY2024 to the External Auditors are set out in the Additional Compliance Information of this Annual Report. Having satisfied itself with their performance and fulfilment of criteria as set out in the Non-Audit Services Policy, as well as having received the assurance from Crowe as stated above, the AC recommended their reappointment to the Board for shareholder approval at the 25th AGM.

The details of the External Auditors Policy are available for reference at our corporate webpage.

**PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

**10. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board oversees, reviews, and monitors the operation, adequacy, and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite by approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major or significant risk facing the Group.

The Board supports the implementation of the ISO 31000:2018 certified Enterprise Risk Management Framework, ensuring its effectiveness in identifying and mitigating risks. The Executive Management Committee is tasked with reviewing the risk profiles of all Business Units compiled during daily operations before reporting them to the RMC. The RMC would then communicate any critical risks to the Board as well as provide recommendations to mitigate identified risks.

The AC oversees the risk management framework of the Group, reviews the risk assessment and management policies formulated by Management regularly together with the Internal Auditors, and makes relevant recommendations to Management to update the Group Risk Profile. The AC also discusses with the Board areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation and makes relevant recommendations to the Board to manage residual risks.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

Details of the main features of the Company's risk management and internal control framework are further elaborated in the AC Report and the Statement on Internal Control and Risk Management of this Annual Report.





PRINCIPLE B **EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

**PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)**

**11. GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board has outsourced the internal audit function to an independent assurance provider, namely GRC Consulting Services Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the AC.

To ensure that the responsibilities of internal auditors are fully discharged, the Company has formally adopted an Internal Audit Function Evaluation checklist to evaluate the performance of the Internal Auditors, including the review of the scopes, functions and competency to carry out the work.

The Statement on Risk Management and Internal Control as included on pages 171 to 185 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2024.

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

**PART I – COMMUNICATION WITH STAKEHOLDERS**

**12. CONTINUOUS COMMUNICATION BETWEEN COMPANY AND STAKEHOLDERS**

The Group recognises the importance of prompt and timely dissemination of information to the shareholders and the investors, in order for these stakeholders to be able to make informed investment decisions. Towards this end, the Company's website at www.kelington-group.com incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances the investor relations function by publishing all announcements made, annual reports as well as the corporate and governance structure of the Company.

The Company has put in place a Corporate Disclosure Policy with the objective of ensuring communications to the public are timely, factual, accurate, complete, broadly disseminated and, where necessary, filed with regulators in accordance with applicable laws and a disclosure committee comprised of Executive Directors and CFO.

The Board and Management have at all times ensured timely dissemination of the Company's performance and other matters affecting shareholders' interests to the shareholders and investors through appropriate announcements (where necessary), quarterly announcements, relevant circulars, press releases, and distribution of annual reports.

| PRINCIPLE C | INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D) |
|---|---|

## PART II – CONDUCT OF GENERAL MEETINGS

### 13. SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Board oversees the implementation and maintenance of effective communication and engagement with shareholders to ensure transparent, timely, and meaningful interactions with shareholders.

The AGM and other shareholder meetings serve as the primary platforms for meaningful dialogue with shareholders. The AGM, in particular, provides shareholders with the opportunity to review the Group's performance through the Company's Annual Report and engage with the Board by posing questions for clarification.

In line with good CG practice, the notice of the AGM was issued at least 28 days before the AGM. It will be published on a major local newspaper and the Company's website.

All the Directors shall endeavour to be present in person to engage directly with, and be accountable to, the shareholders for their stewardship of the Company during the AGM. During the AGM, the Board encourages shareholders' participation in deliberating resolutions being proposed or on the Group's operation in general. The Directors, CFO and External Auditors were in attendance to answer questions raised by the shareholders.

Pursuant to 2.19 of the MMLR and Clause 88 of the Company's Constitution, the Notice of AGM, Proxy Form, and Circular to Shareholders can be downloaded from the Company's website at https://www.kelington-group.com/general-meeting/.

The 24th AGM of the Company held on 21 June 2024 and an extraordinary general meeting was held on 23 October 2024 ("Meetings"), both were conducted on a virtual basis through live streaming and online remote voting at the Broadcast Venue, Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad Brickfields, 50470 Kuala Lumpur via Dvote Online website at https://www.dvote.my/ using the Remote Participation and Voting Facilities ("RPV") in accordance with Section 327(1) and (2) of the Companies Act 2016 and Clause 59 of the Company's Constitution.

Dvote Services Sdn. Bhd. ("Dvote") was appointed as the Poll Administrator for the Meetings of the Company to facilitate the RPV via its Dvote Online website at https://www.dvote.my/. The Company has engaged Dvote to provide the RPV. Dvote has confirmed to the Company that it implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of its staff. Dvote Online has gone through penetration and stress test throughout the years 2020 to 2024. Dvote Online is hosted in a secure cloud platform and the data center is ISO27001 certified.

All the shareholders could raise questions including but not limited to the Company's financial and non-financial performance and long-term strategies. Shareholders may submit their questions prior to the conduct of the meetings via email to ccid@kelington-group.com.

Besides, shareholders were also allowed to submit their questions via the RPV during the meetings. Directors and senior management will answer the questions raised by shareholders during the meetings.

The minutes of the general meetings of the Company are made available on the Company's website at https://www.kelington-group.com/general-meeting/ within 30 business days from the date of general meetings.





## FUTURE PRIORITIES

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The Board will continue to operationalise and enhance the CG practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This CG Overview Statement, together with the CG Report, was approved by the Board on 25 April 2025.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements for each financial year which have been made in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors of the Company have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting which disclose with reasonable accuracy on the disclosure of the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

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

# AUDIT COMMITTEE REPORT

The primary function of the Audit Committee ("AC") is to assist the Board of Directors in fulfilling its fiduciary duties as well as providing oversight on the integrity of the Group's financial reporting and its audit processes. The Board presents the AC Report to provide insights on the discharge of the AC's functions for the Group in the year 2024. This report is prepared in compliance with Paragraph 15.15 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

During the financial year, the AC carried out its duties and responsibilities in accordance with its terms of reference ("ToR") and held discussions with the internal auditors, external auditors and relevant members of Management. The AC is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

## COMPOSITION AND MEETINGS

The AC comprises three members, all of whom are Independent Non-Executive Directors. The AC Chairman, Mr. Ng Meng Kwai, is the Senior Independent Non-Executive Director of the Company and a fellow member of Malaysian Institute of Accountants. The composition of the AC shall be in compliance with the MMLR and the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

None of the members of the AC was a former partner of the External Auditors of the Group.

The Chairman of the Board was not involved in the AC to ensure there is a check and balance as well as objective review by the Board. The composition of the Committee is in line with Practice 9.1 and Step-Up Practice 9.4 of the MCCG 2021.

A total of 6 meetings were held in Financial Year 2024 ("FY2024"). The AC members and details of attendance of each member at the AC meetings held during the FY2024 are as follows:

| Audit Committee | Meeting Attendance |
|---|---|
| Ng Meng Kwai (Senior Independent Non-Executive Director) Chairman (1) | 6/6 |
| Chow Meow Luan (Independent Non-Executive Director) Member | 6/6 |
| Ng Lee Kuan (Independent Non-Executive Director) Member (2) | - |
| Soo Yuit Weng (Senior Independent Non-Executive Director) Chairman (3) | 6/6 |

*Notes:*
*(1) Redesignated as the AC Chairman on 1 December 2024.*
*(2) Appointed as the AC Member on 1 December 2024.*
*(3) Resigned as the director of the Company on 30 November 2024.*

The Executive Directors, Chief Financial Officer, External and Internal Auditors together with the relevant personnel from the Management were invited to attend the AC meetings and provide clarifications on the agenda items.

The reports and discussion papers of the AC meetings were distributed via a secured digital portal within a reasonable period to allow the AC members to have sufficient time to review and obtain further clarification, if necessary, during the meetings. This would enable focused and constructive deliberation at meetings. All reports and discussion papers were presented in a clear and concise manner, to enable the AC members to analyse and discharge their duties effectively.

The AC had two private sessions with the External Auditors, Crowe Malaysia PLT without the presence of Executive Directors and the Management to facilitate discussions on key audit challenges.

Minutes of each AC meeting was properly recorded and tabled for confirmation at the following AC meeting and subsequently tabled to the Board for notation. The AC Chairman reports to the Board on activities undertaken and key recommendations for the Board's consideration and decision. The AC Chairman also conveyed to the Board matters which are of significant concern raised by the External Auditors and Internal Auditors.





## TERMS OF REFERENCE & PERFORMANCE

In order to assess the term of office and performance of the AC members in accordance with Paragraph 15.20 of the MMLR, each AC member has performed self and peer evaluations and the results were tabled to the Nomination Committee for review and discussion prior to presenting to the Board for evaluation.

The AC was assessed based on three key areas: quality and composition, skills and competencies, and meeting administration and conduct. This assessment for FYE 31 December 2024 reaffirmed the AC members' collective knowledge, skills, and commitment, ensuring they effectively discharged their responsibilities in accordance with the ToR.

The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's ToR and supports the Board in ensuring that the Group upholds appropriate standards of corporate governance.

The ToR of the AC which are in line with the provisions of the MMLR, the MCCG 2021 and other best practices are available for reference on the Company's website. The AC's ToR was last reviewed and revised on 25 April 2025.

## SUMMARY OF ACTIVITIES OF THE FINANCIAL YEAR

As at the date of this report, the AC has undertaken the following in discharging its functions and duties, which are in line with its responsibilities as set out in its ToR:

**Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:**

(a) Reviewed the financial positions, unaudited quarterly interim financial reports, and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The review is to ensure that the Company's unaudited quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134 – Interim Financial Reporting Standards in Malaysia and International Accounting Standards 34 – Interim Financial Reporting as well as applicable disclosure provisions of the MMLR;

(b) Reviewed the audited financial statements and the External Auditors' findings and recommendations for the financial year ended 31 December 2024. In the review of the annual audited financial statements, the AC discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit; and

(c) Reviewed any changes in the implementation of major accounting policies and practices for the Group.

**Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability, and Independence of External Auditors:**

(a) Reviewed the audit plan of the External Auditors in terms of their scope of audit, methodology and timetable, audit materiality, and areas of audit emphasis prior to the commencement of their annual audit;

(b) Reviewed and discussed with the External Auditors' audit report and areas of concern highlighted in the management letter, including Management responses to the concerns raised by the External Auditors, and evaluation of the system of internal controls;

(c) Met up with the External Auditors without the presence of executive board members and management personnel to further discuss matters arising from the audit; and

**SUMMARY OF ACTIVITIES OF THE FINANCIAL YEAR (CONT'D)**

**Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability, and Independence of External Auditors: (Cont'd)**

(d) Reviewed and assessed the performance of the External Auditors and considered the re-appointment of External Auditors and their audit fees, after taking into consideration the independence and objectivity of the External Auditors and the cost effectiveness of their audit, before recommending it to the Board for approval.

Crowe Malaysia PLT also confirmed that they are independent of the Group and have fulfilled their other ethical responsibilities in accordance with the by-Laws of the MIA and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

The non-audit services provided or to be provided by the External Auditors and their affiliates to the Group have been approved by the AC. The AC having considered the nature, scope, and quantum of non-audit fees, was satisfied that there was no conflict of interest and that the non-audit services would not impair the independence of the External Auditors. The details of the audit and non-audit services rendered by the External Auditors and their affiliates for FY2024 are disclosed in the Additional Compliance Information section of this Annual Report.

Based on the External Auditors Policy, the AC shall carry out an annual assessment of the External Auditors which shall encompass an assessment of the qualifications and performance of the Auditors.

A questionnaire assessment was carried out to assess the independence and effectiveness of the External Auditors of the Company, namely Crowe Malaysia PLT based on the feedback from Management. The AC was satisfied that the External Auditors have the capability and expertise to act as the Auditors for the Company and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors of the Company for FY2025 to the Board for consideration. The re-appointment of Crowe Malaysia PLT is subject to shareholders' approval being sought at the forthcoming Annual General Meeting ("AGM").

**Overseeing the Governance Practices in the Group:**

(a) Reviewed the AC Report and Statement of Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;

(b) Reviewed the material transaction / related party transactions entered into by the Group, ensuring that the transactions were in the best interest of the Group and not detrimental to the interests of the minority shareholders, and accordingly, recommended the same for Board's approval;

(c) Reviewed potential conflict of interest situations that may arise and the measures identified to resolve, eliminate, or mitigate the conflict of interest;

(d) Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems based on the risk assessment report and IA report and reported to the Board;

(e) Reviewed and verified the allocation of shares under the Employee Share Scheme;

(f) Reviewed the revised ToR of the AC to be in line with the MMLR and the MCCG 2021; and

(g) Assessed the assistance given by the employees of the Group to the External Auditors and the Internal Auditors.

**SUMMARY OF ACTIVITIES OF THE FINANCIAL YEAR (CONT'D)**

**Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes:**

(a) Reviewed and approved the annual internal audit plan as proposed by the Internal Auditors to ensure the adequacy of the scope and coverage of work;

(b) Reviewed and discussed the Internal Audit report, which outlined the recommendations towards correcting areas of weaknesses and ensured that management action plans were established for the implementation of the Internal Auditors' recommendations. Senior Management and Operating Management were invited to attend the AC meeting to provide clarification on specific issues raised in the Internal Audit report;

(c) Reviewed the adequacy of the scope, functions, and competency of the outsourced Internal Audit function and the results of the Internal Audit process to ensure that appropriate actions are taken on the recommendations of the Internal Auditors;

(d) Reviewed and assessed the performance of the Internal Auditors and considered the re-appointment of Internal Auditors; and

(e) Met up with the Internal Auditors without the presence of executive board members and management personnel to further discuss matters arising from the audit.

**INTERNAL AUDIT ("IA") FUNCTION**

The Group's IA function is outsourced to GRC Consulting Services Sdn. Bhd. The IA function is independent of the activities and reports directly to the AC which assists the AC in the discharge of its duties and functions. Its role is to independently assess the adequacy and effectiveness of the system of internal control as established by KGB Management and make recommendations for improvement. The Engagement Executive Director is Mr. Affeiz Abdul Razak, who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is currently one of the Governors in the Institute of Internal Auditors Malaysia's (IIAM) Board and has served previously as the Honorary Treasurer, Honorary Secretary, Vice President II and Vice President 1 of IIAM. He is a Chartered Member of the Institute of Internal Auditors Malaysia – CMIIA, Certified Financial Services Auditor – CFSA (US) and has Accreditation in Internal Audit Function Assessment Validation by IIA (US), Associate Member of the Association of Certified Fraud Examiners (US), Member of the Business Continuity Institute (UK) – MBCI (UK), Affiliate Member of the Institute of Risk Management (UK), Certified Business Continuity Institute (UK) Professional - CBCI with Merit (UK), Fellow of the Institute of Corporate Directors Malaysia and Associate Member of the Asian Institute of Chartered Bankers.

The IA were conducted using a risk-based approach and was guided by the International Professional Practice Framework. The IA activities have been carried out according to the IA plan that was approved by the AC and is independent and not related to the External Auditors. The Board had via the AC evaluated their effectiveness by reviewing the results of its works in AC meetings.

**INTERNAL AUDIT ("IA") FUNCTION (CONT'D)**

During the FYE 31 December 2024, the outsourced IA function undertook review on the following businesses of the Group:

| Entity | Scope of Internal Audit |
|---|---|
| **Kelington System Integration Co. Ltd. - Chu Zhou** | • Governance Review<br>• Sales & marketing functions<br>• Project Management<br>• Supply Chain Management<br>• Inventory Management<br>• Financing & Liquidity<br>• Compliance risk & testing of Internal controls |
| **Kelington Technologies Sdn. Bhd.** | • Governance Review<br>• Sales & marketing functions<br>• Project Management<br>• Supply Chain Management<br>• Human Resources Management<br>• Financing & Liquidity<br>• Legal & Contract administration<br>• Information and Technology<br>• Compliance risk & testing of Internal controls |
| **Kelington Engineering (S) Pte Ltd** | • Governance Review<br>• Sales & marketing functions<br>• Project Management<br>• Supply Chain Management<br>• Human Resources Management<br>• Financing & Liquidity<br>• Legal & Contract administration<br>• Information and Technology<br>• Compliance risk & testing of Internal controls |

Findings from the IA reviews were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the AC for their review. The outsourced IA function would carry out follow up reviews and reports to the AC on the status of implementation of action plans committed by Management pursuant to the recommendations highlighted in the IA reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the IA reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The total cost incurred on the outsourced IA function is RM91,000 for the FYE 31 December 2024.

The AC Report was approved by the Board on 25 April 2025.





# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Kelington Group Berhad ("KGB") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control for the financial year ended ("FYE") 31 December 2024. This statement is prepared pursuant to paragraph 15.26 (b) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

As outlined in the Malaysian Code on Corporate Governance ("MCCG"), the objective of establishing a sound risk management framework and an adequate and effective system of internal control is to build a strong governance culture and to safeguard shareholders' investment.

**1.0 Board Responsibility**

The Board is committed to ensure the effectiveness of the Group's risk management and internal control systems by continuously reviewing its adequacy of control and effectiveness to ensure that the Group's assets and shareholders' interests are safeguarded. The Board also responsible for overseeing the Group's climate-related risks and opportunities as the impacts of climate change continue to evolve.

The Board also acknowledges that the Group's risk management and internal control systems are designed to mitigate risks threatening the achievement of the Group's business objectives and that the systems in place can provide only reasonable, not absolute assurance.

The Board has received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review and up to the date of issuance of this statement.

Due to inherent limitations in the risk management and internal control system, such a system put into effect by Management is designed to manage rather than eliminate all risks that may impede the achievement of the Group's business strategies and objectives. Therefore, such a system can only provide reasonable but not absolute assurance against any possibility of material misstatement or loss.

The Board is assisted by the Audit Committee ("AC"), which is empowered by its terms of reference to ensure independent oversight of internal control and risk management. During the financial year, the adequacy and effectiveness of the system of internal controls were reviewed by the AC in relation to the internal audits conducted by GRC Consulting Services Sdn. Bhd.. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated on during the AC meetings. The Chairman of the AC thereafter briefed the Board members on the proceedings of the AC meetings including highlighting any material matters on internal control or risk management that warranted the Board's attention. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

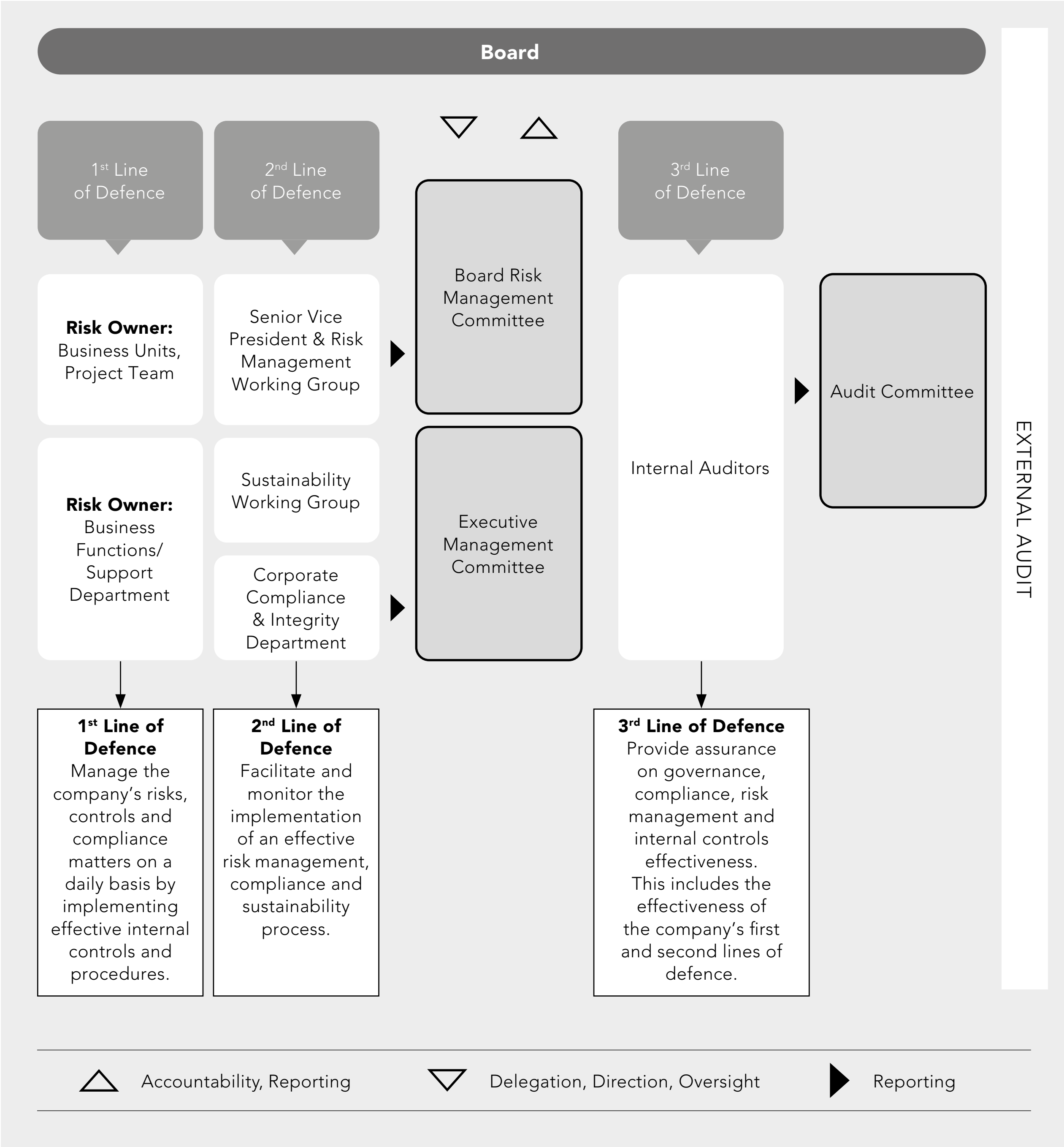
**2.0 Key Features of the Risk Management and Internal Control Frameworks**

The Board acknowledges that the Group business activities involve some degree of risk, and thus, key management staff and heads of departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

The Group maintains a well-defined organisational structure characterised by clearly delineated lines of accountability, authority, and responsibility to the Board, its committees, and business units.

To fortify the framework surrounding risk management and internal controls within the Group, we have adopted the Three Lines of Defence model. This model ensures distinct functional responsibilities and accountabilities for managing risk, compliance, and internal control.








**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.1 Authority and Responsibility**

2.1.1 The Board regards risk management as an integral part of all business operations. Hence, the Board assumes the responsibility of managing major risks and ensures the implementation of a risk management system to manage risk exposure within the acceptable tolerance level.

2.1.2 The AC, with the assistance of Risk Management Committee ("RMC"), has oversight over the Group's risk management framework and obtains assurance, through the independent consultant appointed, on the adequacy and effectiveness of the risk management and internal control systems.

2.1.3 The oversight role of risk management is carried out by the RMC as delegated by the Board which has the overall oversight responsibility. The RMC is formed by representatives of the Board and is chaired by an independent director. The role of RMC is to ensure the risk management in the Group operates effectively based on the risk management policy approved by the Board. Significant risk issues evaluated by the RMC will be escalated and deliberated at the Board meetings. The principal roles and responsibilities of the RMC are stated in its Terms of Reference.

2.1.4 The Executive Management Committee supports the Board in the operations of the Group and manages all the Group's business divisions in accordance with corporate strategies and business objectives, policies, key performance indicators, and annual budgets as approved by the Board.

2.1.5 The Managing Director of the respective business divisions of the Group manages their operations and reports to the Executive Management Committee at the Group Level.

2.1.6 The responsibilities of the Managing Director and its Risk Management Working Group are as follows:

- Communicate the Board's vision, strategy, policy, responsibilities and reporting lines to all personnel across the Group;
- Review risk profiles and performance of the business units and departments;
- Aggregate the Group's risk position and report to the RMC on the risk situation;
- Provide guidance to the business units and departments on the Group's risk appetite and other criteria which, when exceeded, trigger an obligation to report upwards to the RMC and the Board;
- Identify and communicate to the RMC the critical risks (present and potential) at the respective business units and support departments, their changes and the management's action plans to manage the risks;
- Train and communicate Enterprise Risk Management details within the Group; and
- Review and update risk management methodologies applied to the relevant business units and support departments, especially those related to risk identification, measuring, controlling, monitoring and reporting.

2.1.7 The Corporate Compliance and Integrity Department to ensure business processes follow all relevant legal and internal guidelines; and to review internal processes, develop company policies, and respond to policy violations.

**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.1 Authority and Responsibility (Cont'd)**

2.1.8 The Sustainability Working Group identify key improvement areas for ESG (Environment, Social, Governance), oversee the execution of improvement, and advise the Board on the matters in order to enable:

- the Company to operate on a sustainable basis for the benefit of current and future generations;
- sustainable growth by maintaining and enhancing the Company's economic, environmental, human, technological and social capital in the long term; and
- the effective management of the Company's sustainability risks.

2.1.9 Day-to-day risk management resides with the respective business units and support departments. The principal roles and responsibilities of business units and support departments are as follows:

- Manage the business units' and support departments' risk profiles;
- Report risk exposure to the Risk Management Working Group;
- Develop and implement action plans to manage risks;
- Report status of action plans to the Risk Management Working Group; and
- Ensure that critical risks are considered in the action plans.

2.1.10 The Internal Audit Function of Kelington Group has been outsourced to fulfill the responsibility of providing control assurance services to the Group.

**2.2 Risk Management Policy**

The Group adopt a risk management policy in identifying, assessing, treating and monitoring the ever- changing risks facing the Group and takes specific measures to mitigate these risks in order to minimise foreseeable disruption to operations, prevent harm to our people and avoid damage to the environment and property. The policy stresses the importance of protecting the interests of stakeholders and complying with all statutory and legal requirements, as well as effectively responding to crises.

In the event of prolonged disruption, business continuity practices shall be adopted to restore and ensure continuity of key business activities.

**2.3 Enterprise Risk Management Process**

The Board places strong dedication and commitment of the highest standards towards effective enterprise risk management in-line with best practices in corporate governance guided by the MCCG. An enterprise risk management approach aligns strategy, processes, people, technology, and knowledge with the purpose of evaluating and managing potential risks to the company that may be exposed to them. It enhances and encourages the identification of opportunities through continuous improvement and innovation.





**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.3 Enterprise Risk Management Process (Cont'd)**

The Group's established risk management practice is guided by ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission's Enterprise Risk Management Framework 2017. The key elements of this risk management process are as follows:

**Establish Context**
- Know your business and environment, including emerging Environmental, Social, and Governance (ESG) factors.
- Establish strategic and organisational objectives by considering internal and external environment within which the risks, including ESG-related risks, are considered.

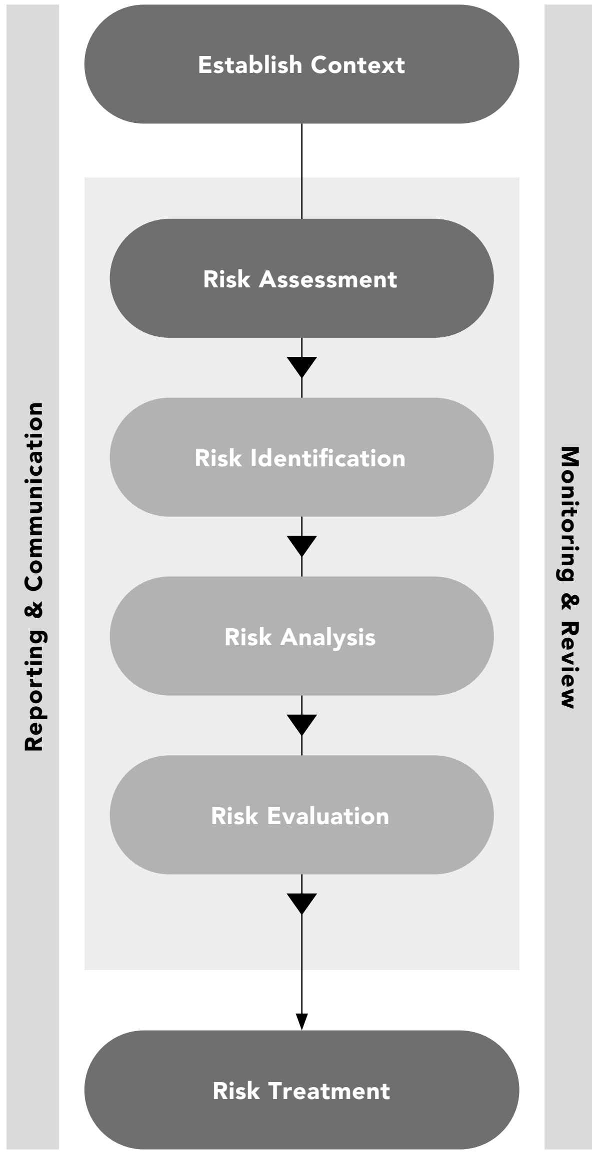
**Risk Analysis**
- Consequences and likelihood are expressed and combined to determine level of risk that is consistent with the risk criteria, including ESG-related risks such as social risk, climate impact and regulatory.
- Existing controls should be taken into account.

**Evaluate Risk**
- Analyse risk in terms of impact and probability and plot the risk using the risk matrix, incorporating ESG risk.
- To assist in making decisions about which risks need treatment and the priority for treatment implementation.

**Treat Risk**
- Identify mitigating controls to manage inherent risk to an acceptable residual risk level which is aligned with risk appetite.
- There are 4 primary risk treatment options to be considered: Accept the risk by informed decision; Avoid the risk; Reduce the risk; and Transfer/Share the risk with other parties.
- The key mitigating control is recorded in the risk register and its effectiveness is assessed.

**Monitoring & Review**
- Track the current status and changes in the risk register, including the ESG risks are continuously assessed in response to evolving regulatory, environmental, and social trends. and perform a separate evaluation of the performance of the risk management system and changes that might affect it.

**Reporting & Communication**
- Communicate and consult with internal and external stakeholders, as appropriate at each stage of the risk management process and concerning the process as a whole.




The above risk management process is carried out annually and has been in place for the year under review and up to the date of the approval of this Statement. The updated risk profile was last presented to the RMC on 11 November 2024. The RMC reviewed the Enterprise Risk Management: Risk Action Plans Implementation Report on 24 April 2024. The risk management reviews cover responses to significant risks identified which would ensure the achievement of the corporate strategies and business objectives; effectiveness and efficiency of operations; integrity of information and reporting; and compliance with the relevant laws, regulations, policies, and procedures. The RMC also identified cyber security risk, along with data loss prevention and mitigation as the additional key risk areas to be incorporated for future considerations.

Additionally, ESG risks—particularly climate-related risks, regulatory compliance concerning emissions, and sustainability-driven operational risks—are now embedded within the risk assessment framework to ensure a holistic approach to risk management.

## 2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)

### 2.3 Enterprise Risk Management Process (Cont'd)

#### 2.3.1 Risk Appetite and Tolerance

Risk appetite is measured in terms of the variability of return (i.e. risk) in order to achieve a desired level of result (i.e. return) as set out in the risk parameters. The Board, through the Risk Management Committee and the Executive Management Committee, establishes the risk parameters for the Group. The defined risk parameters, i.e. financial and non-financial parameters, are reviewed at least annually by Management and the Board in line with the Group's business strategies and operating environment.

#### 2.3.2 Risk Assessment

Risk management processes require the identification of risks arising from internal and external factors, including but not limited to environmental risks. The risks are assessed in terms of likelihood and impact as well as to identify and evaluate the adequacy of mechanisms in place to manage risks.

**Risk Profile Analysis**

In FYE 2024, a comprehensive risk profile analysis was conducted and an updated risk register was established at group level. The updated risk register identified ten top risks that have the potential to significantly impact the achievement of KGB's strategies and objectives. Group-wide initiatives are imperative for effective mitigation. Management of KGB is tasked with reinforcing the preliminary action plans and ensuring the timely implementation of the risk action plans. (Refer to Section 2.3.3)

**Corruption Risk Assessment**

The Corruption Risk Assessment shall be conducted periodically (as and when directed by the Board) or at least one assessment and review every three years.

Furthermore, the RMC review the status of implementation of adequate procedures in accordance with Section 17A under the Malaysian Anti-Corruption Commission Act 2009 at least once a year. This periodic review ensures ongoing compliance and effectiveness in mitigating corruption risks within the Group.

**ESG Risk Assessment**

An ESG risk assessment was conducted during FYE2024, encompassing an evaluation of ESG factors that could impacts Kelington's performance, reputation, or long-term sustainability. The goal of ESG risk assessment is to identify, prioritise, and mitigate risks while also leveraging opportunities to enhance the company's overall performance and resilience. The RMC reviewed the findings and discussed on the potential impacts of climate-related risks and opportunities, ensuring a comprehensive approach to our sustainability strategy.





## 2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)

### 2.3 Enterprise Risk Management Process (Cont'd)

#### 2.3.2 Risk Assessment (Cont'd)

**ESG Risk Assessment**

Here are the top 5 prioritised risks following the ESG risk assessment:

| ESG Risk | Impact | Risk Mitigation Plan |
|---|---|---|
| **Environmental Risks**<br>Environmental incidents related to pollution, resource depletion, carbon emissions, waste management, and environmental compliance. | **Operational continuity and long-term sustainability**<br>Regulatory penalties, remediation costs, operational disruptions, and increased expenses. These risks can lead to downtime and project delays, particularly in light of stringent environmental regulations and rising stakeholder expectations. Additionally, severe weather events—such as floods and extreme temperatures—are becoming more frequent, further compounding these challenges. | Please refer to pages 45 to 76 of this Annual Report |
| **Occupational Health and Safety Issues**<br>Workplace hazards leading to accidents, injuries, or fatalities. | **Workforce stability & organisational resilience**<br>Failure to uphold workplace safety standards can lead to serious consequences, including harm to employee well-being, legal liabilities, financial losses, and reputation damage. Regulatory non-compliance may result in penalties and operational disruptions, while increased insurance costs further strain resources. | Please refer to pages 78 to 89 of this Annual Report |
| **Human Rights Violations and Labour Exploitation in the Supply Chain**<br>Ethical concerns related to suppliers or contractors, including allegations of corruption, unfair labour practices, forced labour, discrimination, or violations of human rights. | **Trust and long-term business viability**<br>Neglecting social and ethical responsibilities can expose the company to legal risks, reputational harm, supply chain disruptions, and potential lawsuits. Such failures may also result in the loss of business opportunities and exclusion from investor and customer supply chains. | Please refer to pages 103 to 104 of this Annual Report |
| **Stakeholder Relations**<br>Poor engagement with customers, employees, local communities, and investors, leading to dissatisfaction and opposition. | **Reputation and securing ongoing support**<br>Weak stakeholder engagement can lead to the loss of consumer trust, declining employee morale and retention, and community resistance to projects. These issues may trigger negative media attention and heightened investor activism, potentially affecting share value and long-term business sustainability. | Please refer to pages 29 to 36 of this Annual Report |
| **Cybersecurity risk**<br>Unauthorised access to sensitive data, including customer information, financial records, and intellectual property. Risks also include phishing attacks, ransomware, insider threats, and third-party vulnerabilities. | **Safeguarding assets and maintaining trust**<br>Inadequate cybersecurity measures can result in data breaches, financial losses, regulatory penalties, and reputational harm. Unauthorised access to sensitive information—such as customer data, financial records, and intellectual property—may lead to data theft, legal action, and significant operational disruptions. These incidents can also erode customer confidence and disrupt business continuity. | Please refer to page 116 of this Annual Report |

## 2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)

### 2.3 Enterprise Risk Management Process (Cont'd)

#### 2.3.3 Risk Management

During FYE 2024, the RMC reviewed, appraised, and assessed the controls and actions in place to mitigate and manage the overall Group risk exposure, as well as raised issues of concern and recommended mitigating actions. The RMC reports to the Board on a biannually basis, and as part of its monitoring activity ensures key risks are deliberated and mitigating actions are implemented.

The management of 12 significant risks identified for FYE 2024 are outlined below:

| No. | Risk Title | Impact | Risk Mitigation Action | Residual Risk Rating |
|---|---|---|---|---|
| R1 | Uncertain of global economy | The weak global demand, supply chain instability, rising inflation rates, and political instability are causing consequences such as affecting the financial performance of the Group. | 1.1) The KGB Board reviewed and acknowledged the strategic plan for years 2024 to 2026.<br>1.2) All business units established their strategic plans for the years 2024 to 2026.<br>1.3) Regularly reviewing business plan against performance to address any shortfalls.<br>1.4) Focus on enhancing efficiency and productivity across the operations. | High |
| R2 | Ability to achieve strategic plan | Unable to meet stakeholders' expectation. | 2.1) Established KPIs linked to annual performance assessment.<br>2.2) Integrating ESG issues into corporate strategy and manage sustainability. | **Medium** |
| R3 | Succession Risk | A critical role remains vacant beyond the acceptable timeframe, leading to operational disruptions, reduced efficiency, and potential impacts on overall business performance. | 3.1) Continuously improve the succession planning process.<br>3.2) Investing in professional development for identified successor.<br>3.3) Integrate succession plan into hiring strategy. | **Medium** |
| R4 | Sustainability Risk | Failure to address the sustainability risk may lead to reputational damage, regulatory penalties, employee dissatisfaction, and loss of stakeholder trust. This could affect the Company's competitive position, profitability, and long-term business sustainability. | 4.1) Persist in overseeing ESG performance and executing sustainability initiatives to achieve designated goals.<br>4.2) Integrate ESG discussions into the boardroom agenda and incorporate them into the board's deliberations regarding the Company's strategies. | **Medium** |





## 2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)

### 2.3 Enterprise Risk Management Process (Cont'd)

#### 2.3.3 Risk Management (Cont'd)

The management of 12 significant risks identified for FYE 2024 are outlined below: (Cont'd)

| No. | Risk Title | Impact | Risk Mitigation Action | Residual Risk Rating |
|---|---|---|---|---|
| R5 | Intense Competition | KGB's primary focus is in the UHP sector, specialising in constructing gas delivery systems for manufacturing industries. The level of competition in the UHP delivery systems industry in which we operate is medium and our direct competitors are mainly from Taiwan and China. We have limited direct competition in Malaysia as we are one of the few companies in Malaysia (apart from gas/chemical companies) that has the capabilities and technical competencies to provide design and installation of UHP delivery systems, as well as the ability to provide total UHP solution packages. | 5.1) Enhance the company's competitiveness via develop innovative solutions that address environmental challenges.<br>5.2) Improve price competitiveness through price submission consistency and strategic sourcing of materials.<br>5.3) Developing and exploring new markets that complement our base capabilities that will bring in recurring income.<br>5.4) Constantly keeping abreast with the latest market conditions, and continuing efforts in maintaining a competitive edge in terms of cost competitiveness, service quality, product quality and service reliability. | High |
| R6 | Slow Recoverability of Debts | As at FYE 31 Dec 2024, the balance of trade receivables amounted to RM299.39 million of which RM44.4 million exceeded their credit terms.<br><br>The overdue payments are not expected to cause financial constraints to the KGB Group at this point in time, as existing project costs are supported by progressive claims and project financing facilities. However, the recovery of these overdue payments would further strengthen the Group's cash flow position. | 6.1) Expedite progress payment claim.<br>6.2) Persistent and close monitoring of collection of outstanding payments.<br>6.3) Assessing credit worthiness of potential Customers. | **Low** |

**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.3 Enterprise Risk Management Process (Cont'd)**

**2.3.3 Risk Management (Cont'd)**

The management of 12 significant risks identified for FYE 2024 are outlined below: (Cont'd)

| No. | Risk Title | Impact | Risk Mitigation Action | Residual Risk Rating |
|---|---|---|---|---|
| R7 | Investment Risk | Kelington Group initially focused on the delivery and distribution of UHP gases and chemicals, mainly for manufacturers in the memory, semiconductor, and electronics sectors. before expanding into the Industrial Gases Business through strategic investments in Ace Gases and Kelington System Integration (KSI).<br><br>Ace Gases offers a range of industrial gases to the market, including liquid carbon dioxide, nitrogen, dry ice, and various other trading gases, while, KSI specialises in the fabrication of gas and liquid delivery equipment as well as mechanical components for the semiconductor industry. | 7.1) Investment Decision Process and Initial Assessment Procedures.<br>7.2) Commercialisation Process commence upon investment approval.<br>7.3) Leveraging on the experience and expertise of the key management personnel<br>7.4) Conduct periodic reviews of Industrial Gases Business to ensure that prudent financial management and efficient operating procedures are put in place to limit the impact of the business risks. | **Low** |
| R8 | Contingent Liabilities – Warranty Bond | Performance bonds and bank guarantees are a type of security that is commonly used in building and construction contract. Fail to fix defective works or fail to follow contractual outlines and liable for paying up to the performance bond's value. | 8.1) Formulating fair and favourable contract terms and conditions and on-going contact management.<br>8.2) Project Risk Management Process.<br>8.3) Understand customer needs and expectations, provide quality products and services, ensure customer satisfaction. | **Medium** |
| R9 | Contractual Risk – Liquidated Ascertained Damages | Breach of contract and the Liquidated Ascertain Damages (LAD) imposed will affect financial performance of the Group. | 9.1) Ensure the sum stipulated in the LAD clause is proportionate to protect our legitimate interest in the performance of the contract.<br>9.2) Project Manager to oversee the project risk management process throughout the contract period. | **Medium** |





**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.3 Enterprise Risk Management Process (Cont'd)**

**2.3.3 Risk Management (Cont'd)**

The management of 12 significant risks identified for FYE 2024 are outlined below: (Cont'd)

| No. | Risk Title | Impact | Risk Mitigation Action | Residual Risk Rating |
|---|---|---|---|---|
| R10 | Data Back Up & Data Recovery Management | Loss of crucial data can result in severe consequences. It may lead to compromised quality control, productivity disruptions, operational inefficiencies, regulatory compliance issues, and supply chain disruptions. | 10.1) To establish a robust disaster recovery plan and perform regular data recovery test.<br>10.2) To establish secondary back up for company data. | **High** |
| R11 | Cyber Security Risk | Cyber Security Risk can lead to operational disruptions, financial losses, reputational damage, regulatory penalties, and loss of sensitive or proprietary information, ultimately affecting business continuity and stakeholder trust. | 11.1) To establish a cyber incident reporting system and procedures.<br>11.2) To establish a good perimeter defence around Kelington Group's IT infrastructure. | **High** |
| R12 | Anti-bribery Risk | Bribery and corruption pose significant risks to companies in the Ultra-High Purity (UHP) industry. These risks can arise from interactions with government officials, suppliers, contractors, and other third parties. Bribery can lead to legal penalties, reputational damage, and financial losses. | 12.1) Conduct anti-bribery training and obtain integrity pledges.<br>12.2) Perform periodic bribery risk assessments.<br>12.3) Review and update anti-bribery policy regularly. | **Medium** |

**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.4 Internal Audit ("IA") Function**

The Group's IA Function assists the Board and the AC by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the IA Function are set out in the AC Report on pages 166 to 170 of this Annual Report.

**2.5 Internal Control**

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include:

**(a) Integrity and Ethical Values**

The Group is committed to upholding a strong culture of integrity and ethical values, as emphasised in the Code of Ethics and Conduct which shall be observed by all Directors and employees within the Group as well as third parties performing works or services for and on behalf of the of the Group. The Code will be reviewed as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organisation.

The Group also put in place a whistleblowing policy which allows, supports and encourages its employees and third parties to report and disclose any improper or illegal activities within the Group. It is the Group's commitment to investigate any suspected serious misconduct or any breach reported, as well as to protect those who come forward to report such activities.

**(b) Management Structure**

The Group has a management structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the various functions within the Group. In addition, the Board of Directors and its various Board Committees are all governed by defined terms of reference.

The daily running of the businesses is entrusted to the Executive Directors and the Management teams. The heads of each operating subsidiary and department of the Group are empowered with the responsibility of managing their respective operations.

**(c) Limits of Authority**

The Group has established financial limits of authority which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed and updated in line with changes in the organisation.

**(d) Strategic Business Plan and Annual Budget**

The Board constructively challenges and contributes to the development of the Group's strategic directions and annually reviews the Group's strategic business plan. The Board oversees Management and ensure Management has taken into consideration the varying opportunities and risks whilst developing the strategic business plan.

The Group's annual strategic business plan and budget are reviewed, deliberated and approved by the Board. The expectations of the Board are clearly discussed with, and understood by the Management. The Board is also responsible for monitoring the implementation of the strategic business plan and for assessing the actual performance of the Group against the annual strategic business plan and budget as well as to provide guidance to Management.





**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.5 Internal Control (Cont'd)**

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include: (Cont'd)

**(e) Policies and Procedures**

Elements of internal control have been embedded and documented in the form of policies and procedures which are reviewed and updated to reflect changes in the business environment. Accountability and responsibility for key processes have been established in the standard operating procedures.

**(f) Compliance Framework**

The Group has in place a compliance framework to minimise financial, reputational and operational risks arising from regulatory non-compliance. The Group has not noted any incidents of regulatory non-compliances to date.

**(g) Performance Review**

Comprehensive information on financial performance and progress of key projects are communicated to the Board on a quarterly basis.

Ad-hoc and scheduled meetings are held at operational and management levels to identify operational issues, review achievement of key performance indicators, discuss and review the business plans, budgets, financial and operational performances of the Group, and etc. to ensure business sustainability.

**(h) Major Projects and Investment**

There is a standard operating procedure for pre-tendering evaluation and investment appraisal for major projects and Capital Expenditure ("CAPEX")/investments. For major projects/CAPEX/ investments, a specific review will be conducted by Major Projects and Investment Committee to deliberate the commercial feasibility of the expenditure/investment, whilst the technical aspects and risks will be deliberated by the technical team before seeking approval according to the delegation of authority table.

**(i) ISO Quality Management System**

The Group's key operations in Malaysia, Singapore and China are certified under the ISO 9001:2015 Quality Management System, with yearly surveillance audits and periodic re-assessments carried out by the respective certification bodies, to ensure its adherence and application of the ISO quality policies and procedures.

**2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**

**2.5 Internal Control (Cont'd)**

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include: (Cont'd)

**(j) Sustainability**

The Group has a sustainability governance structure to manage sustainability agenda and activities across the Group in order to contribute to a sustainable business. The Board is responsible for steering the Group in the direction of achieving overall sustainable growth.

**(k) Health, Safety and Environment ("HSE")**

The Health and Safety Working Committee and Environmental Working Committee are responsible for overseeing the health & safety working environment and environmental management, and ensure continuously meet legal compliance, client expectations, standards alignment and industry best practices.

All KGB's employee is obligated to work safely, to co-operate and act responsibly to prevent injury to himself/ herself and to others and to the environment.

In pursuance of Health and Safety Policy, Environmental Policy and in adherence to all legislative and other requirements with the commitment to achieve continuous improvement, KGB will endeavour to:

- Prevent all accidents, occupational diseases and fire,
- Prevent damage to plant, equipment and property,
- Protect and preserve the environment,
- Prevent any environmental pollution,
- Implement a safe system of work,
- Promote HSE awareness and provide training to KGB employees to achieve our HSE objectives,
- Provide forum to employees, customers and contractors to actively participate in our HSE programmes,
- Safeguard the interest of the general public and the surrounding community; and
- Put in place appropriate contingency measures to deal with emergencies, e.g. pandemic, severe environmental pollution, etc.

**(l) Related Party Transactions**

Related party transactions (if any) are disclosed, reviewed, and monitored by the AC and presented to the Board periodically.





**3.0 Conclusion**

Based on the various procedures and controls put in place by the Group, the work performed, and the reports submitted by the Internal Auditor, the Board has reviewed and is satisfied that the risk management and internal control systems put in place for the year under review and up to the date of approval of this statement are appropriate.

The Board acknowledges that the system of risk management and internal control does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that result in poor judgement.

The Board recognises the necessity to continuously improve the Group's system of internal control and risk management practices to safeguard shareholders' investments and the Group's assets. Therefore, the Board will continuously improvise the Group's system of internal control to meet the changing and challenging business environment and put in place appropriate action plans to further enhance the system of internal control, if necessary.

**4.0 Review of this Statement by the External Auditors**

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

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

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 25 April 2025.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

## 2. AUDIT AND NON-AUDIT FEES

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 31 December 2024 is as follows:

Details of Auditors' Remuneration

| | Group (RM) | Company (RM) |
|---|---|---|
| - Statutory Audit Fees | 862,512 | 245,709 |
| - Non-Audit Fees | 6,000 | 6,000 |
| **Total** | **868,512** | **251,709** |

## 3. LIST OF PROPERTIES

The list of properties is not included in this Annual Report as the net book value of the Company's or its subsidiaries' properties are less than 5.0% of the Group's total assets.

## 4. MATERIAL CONTRACTS INVOLVING DIRECTORS' OR MAJOR SHAREHOLDERS' INTEREST

There was no material contracts entered into by the Group involving the interest of the Directors, chief executive who is not a director or Major Shareholders either still subsisting as at 31 December 2024 or entered into since the end of the previous financial year.

## 5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

The Company did not enter into any RRPT during the FYE 31 December 2024.





## 6. EMPLOYEES' SHARE SCHEME ("ESS")

### 6.1.0 Approval and Duration

The Employee Share Scheme (ESS) was approved by the shareholders at an Extraordinary General Meeting (EGM) held on 31 May 2022 and is governed by the By-Laws.

The ESS is set to be in force for a period of five (5) years, from 6 July 2022 to 6 July 2027. The Board has the discretion to extend the scheme for an additional five (5) years without requiring further shareholder approval, ensuring that the total duration does not exceed ten (10) years from the effective date.

### 6.1.1 Effective Date

The effective date for the ESS was established as 6 July 2022.

### 6.1.2 Offer to Eligible Employees

On 7 July 2022, the Company extended the following offer to the eligible employees, including executive and non-executive Directors of Kelington Group Berhad ("KGB"):

| | |
|---|---|
| **Date of Offer** | 7 July 2022 |
| **Grant Price** | Not applicable as KGB shares will be awarded upon vesting without any cash consideration, contingent upon achieving specific performance measurements. |
| **Total Number of Shares Offered** | 25,720,000 KGB shares |
| **Closing Market Price on the Date of Offer** | RM1.12 per share |
| **Shares Offered to Directors:**<br>(1) Gan Hung Keng | 1,100,000 |
| (2) Ong Weng Leong | 1,100,000 |
| (3) Chan Thian Kiat (1) | 50,000 |
| (4) Tan Chuan Yong (2) | 50,000 |
| (5) Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman (3) | 50,000 |
| (6) Soo Yuit Weng (4) | 50,000 |
| (7) Ng Lee Kuan (5) | 50,000 |
| (8) Soh Tong Hwa | 1,100,000 |
| (9) Cham Teck Kuang | 1,100,000 |
| (10) Hu Keqin | 1,100,000 |
| **Vesting Period** | Subject to certain conditions and performance targets, the shares are to be vested entirely at the end of the 5-year period, on or before 30 June 2027, or as determined by the ESS Committee. |

*Notes:*
(1) *Mr. Chan Thian Kiat deceased on 1 September 2022.*
(2) *Mr. Tan Chuan Yong resigned as an Independent and Non-Executive Director ("INED") on 1 March 2023.*
(3) *Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman resigned as a Senior INED on 29 February 2024.*
(4) *Mr. Soo Yuit Weng resigned as a Senior INED on 30 November 2024.*
(5) *Ms. Ng Lee Kuan was first appointed as an INED of the Company on 1 November 2019 and served until her resignation on 31 August 2023.*

ADDITIONAL COMPLIANCE INFORMATION

**6. EMPLOYEES' SHARE SCHEME ("ESS") (Cont'd)**

**6.2.0 Summary of ESS**

**6.2.1 By Categories**

| | ESS Shares Offered | | | ESS Shares Vested | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | ESS Shares Offered | | | No. of ESS Shares Vested | | | | |
| | Date | In number | % | Date | In number | % | Total ESS Shares outstanding as at 31 December 2023 (A) | Total number of ESS Shares Awarded during the FY2024 (B) | Total ESS Shares outstanding as at 31 December 2024 [(A) – (B)] |
| Directors | 7 July 2022 | 5,750,000 | 22.36 | 03.07.2023 | 570,000 | 12.05 | 5,180,000 | 840,000 | 4,340,000 |
| | | | | 27.06.2024 | 840,000 | 17.76 | | | |
| Senior Management | 7 July 2022 | 12,048,800 | 46.85 | 03.07.2023 | 775,300 | 16.39 | 11,273,500 | 1,282,250 | 9,991,250 |
| | | | | 27.06.2024 | 1,212,250 | 25.63 | | | |
| | | | | 19.09.2024 | 70,000 | 1.48 | | | |
| Management | 7 July 2022 | 6,529,000 | 25.38 | 03.07.2023 | 355,950 | 7.53 | 6,173,050 | 721,225 | 5,451,825 |
| | | | | 27.06.2024 | 508,725 | 10.76 | | | |
| | | | | 19.09.2024 | 212,500 | 4.49 | | | |
| Executive | 7 July 2022 | 993,190 | 3.86 | 03.07.2023 | 49,950 | 1.06 | 943,240 | 75,925 | 867,315 |
| | | | | 27.06.2024 | 67,175 | 1.42 | | | |
| | | | | 19.09.2024 | 8,750 | 0.19 | | | |
| Non-Executive | 7 July 2022 | 399,010 | 1.55 | 03.07.2023 | 25,000 | 0.53 | 374,010 | 33,750 | 340,260 |
| | | | | 27.06.2024 | 33,750 | 0.71 | | | |
| **TOTAL** | | **25,720,000** | **100** | | **4,729,350** | **100** | **23,943,800** | **2,953,150** | **20,990,650** |

**6.2.2 Breakdown of ESS Shares offered and vested to Directors pursuant to ESS as at 31 December 2024 as detailed below:**

| Directors | No. of ESS Shares Offered | Total No. of ESS Shares Vested [(1)] |
|---|---|---|
| Gan Hung Keng | 1,100,000 | 275,000 |
| Ong Weng Leong | 1,100,000 | 275,000 |
| Chan Thian Kiat [(2)] | 50,000 | - |
| Tan Chuan Yong [(3)] | 50,000 | 5,000 |
| Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman [(4)] | 50,000 | 12,500 |
| Soo Yuit Weng [(5)] | 50,000 | 12,500 |
| Ng Lee Kuan [(6)] | 50,000 | 5,000 |
| Soh Tong Hwa | 1,100,000 | 275,000 |
| Cham Teck Kuang | 1,100,000 | 275,000 |
| Hu Keqin | 1,100,000 | 275,000 |
| **Total** | **5,750,000** | **1,410,000** |

*Notes:*

*(1) A total of 1,410,000 shares were vested to the Directors on 3 July 2023 and 27 June 2024, respectively.*
*(2) Mr. Chan Thian Kiat deceased on 1 September 2022.*
*(3) Mr. Tan Chuan Yong resigned as an Independent and Non-Executive Director ("INED") on 1 March 2023.*
*(4) Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman resigned as a Senior INED on 29 February 2024.*
*(5) Mr. Soo Yuit Weng resigned as a Senior INED on 30 November 2024.*
*(6) Ms Ng Lee Kuan was first appointed as an INED of the Company on 1 November 2019 and served until her resignation on 31 August 2023. During her tenure, she was offered 50,000 shares under the ESS, of which 5.000 shares were vested.*


SECTION 6

## FINANCIAL STATEMENTS





# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding, providing engineering services, construction and general trading. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

### RESULTS

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| Profit after taxation for the financial year | 126,756 | 51,953 |
| Attributable to:- | | |
| Owners of the Company | 124,349 | 51,953 |
| Non-controlling interests | 2,407 | - |
| | 126,756 | 51,953 |

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2023 are as follows:-

| | RM'000 |
|---|---|
| **Ordinary Share** | |
| In respect of the financial year 31 December 2023 | |
| Second interim dividend of 2.50 sen per ordinary share, paid on 5 April 2024 | 16,606 |
| In respect of the financial year 31 December 2024 | |
| A first interim dividend of 2.00 sen per ordinary share, paid on 10 July 2024 | 13,482 |
| A second interim dividend of 2.00 sen per ordinary share, paid on 10 October 2024 | 13,767 |
| A third interim dividend of 2.00 sen per ordinary share, paid on 23 December 2024 | 14,297 |
| | 58,152 |

On 26 February 2025, the Company declared a fourth interim dividend of 2.00 sen per ordinary share amounting to RM14,451,547 in respect of current financial year, payable on 11 April 2025, to shareholders whose names appeared in the record of depositors on 26 March 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

### RESERVES AND PROVISIONS

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

**ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM73,792,409 to RM183,981,450 by way of:-

(i) issuance of 7,590,958 new ordinary shares for cash consideration of RM3.3742 per ordinary share which amounted to RM25,613,410 for the purpose of acquiring the remaining 9.29% equity interest in Ace Gases Sdn. Bhd.;

(ii) issuance of 2,953,150 new ordinary shares from the exercise of options under the Company's Employee Share Scheme ("ESS") amounted to RM801,780 which is the fair value of the share options measured at grant date; and

(iii) issuance of 60,705,689 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 per warrant which amounted to RM83,773,851.

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

(b) there were no issues of debentures by the Company.

**TREASURY SHARES**

There were no repurchase or resale of treasury shares during the financial year. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2024, the Company held a total of 2,239,800 (2023 - 2,239,800) treasury shares out of the total 718,286,282 (2023 - 647,036,485) issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of approximately RM534,000 (2023 - RM534,000). The details on the treasury shares are disclosed in Note 18 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's ESS below.

**EMPLOYEE SHARE SCHEME ("ESS")**

The ESS of the Company is governed by the ESS By-Laws and was approved by shareholders on 31 May 2022. The ESS is to be in force for a period of 5 years effective from 6 July 2022.

The details of the ESS are disclosed in Note 19(c) to the financial statements.

**WARRANTS**

On 26 July 2021, the Company issued 214,333,821 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every three (3) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll dated 31 May 2021 and each warrant entitles the registered holder the right at any time during the exercise period from 26 July 2021 to 24 July 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM1.38 each.



**WARRANTS (CONT'D)**

The new ordinary shares allotted and issued upon exercise of the warrants shall rank equally in all respects with the existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from the exercise of the warrants.

As at 31 December 2024, the total number of warrants that remain unexercised were 153,614,799 (2023 - 214,320,488) units. The details of the warrants are disclosed in Note 19(d) to the financial statements.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

**CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

## DIRECTORS' REPORT

DIRECTORS' REPORT

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Gan Hung Keng
Ong Weng Leong
Ng Meng Kwai
Soh Tong Hwa
Cham Teck Kuang
Hu Keqin
Rahima Beevi Binti Mohamed Ibrahim
Chin Wei Min
Chow Meow Luan
Ng Lee Kuan (Appointed on 1 December 2024)
Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman (Resigned on 29 February 2024)
Soo Yuit Weng (Resigned on 30 November 2024)

The names of directors of the Company's subsidiaries who served during the financial year and up to date of this report, not including those directors mentioned above are as follows:-

Lim Seng Chuan
Roderick R.C. Salazar III
Lino Jose A. Equipilag
Ong Seng Heng
Chong Ann Tsun
Alan Lim Chui Boon
Vipinkumar Dwarkanath Bhardwaj (Appointed on 28 February 2025)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:-

| | Number of Ordinary Share | | | | |
|---|---|---|---|---|---|
| | At 1.1.2024/ Date of appointment | Bought | ESS Vested | Sold | At 31.12.2024 |
| **The Company** | | | | | |
| *Direct Interests* | | | | | |
| Gan Hung Keng | 4,806,332 | - | 165,000 | - | **4,971,332** |
| Ong Weng Leong | 4,501,800 | - | 165,000 | - | **4,666,800** |
| Soh Tong Hwa | 1,585,532 | 2,746,200 | 165,000 | (210,000) | **4,286,732** |
| Cham Teck Kuang | 110,000 | - | 165,000 | - | **275,000** |
| Hu Keqin | 110,000 | - | 165,000 | - | **275,000** |
| Ng Lee Kuan | 5,000 | - | - | - | **5,000** |
| *Indirect Interests* | | | | | |
| Gan Hung Keng * | 135,406,980 | - | - | - | **135,406,980** |
| Ong Weng Leong * | 135,406,980 | - | - | - | **135,406,980** |
| Soh Tong Hwa * | 135,406,980 | - | - | - | **135,406,980** |
| Cham Teck Kuang * | 135,406,980 | - | - | - | **135,406,980** |
| Hu Keqin * | 135,406,980 | - | - | - | **135,406,980** |

** - Deemed interested under Section 8 of the Companies Act 2016 by virtue of their shareholdings in Palace Star Sdn. Bhd..*

| | Number of Warrants | | | |
|---|---|---|---|---|
| | At 1.1.2024 | Bought | Sold | At 31.12.2024 |
| *Warrants of the Company* | | | | |
| *Direct Interests* | | | | |
| Gan Hung Keng | 1,565,444 | - | - | **1,565,444** |
| Ong Weng Leong | 1,463,933 | - | - | **1,463,933** |
| Soh Tong Hwa | 491,844 | - | - | **491,844** |
| *Indirect Interests* | | | | |
| Gan Hung Keng * | 53,311,160 | - | - | **53,311,160** |
| Ong Weng Leong * | 53,311,160 | - | - | **53,311,160** |
| Soh Tong Hwa * | 53,311,160 | - | - | **53,311,160** |
| Cham Teck Kuang * | 53,311,160 | - | - | **53,311,160** |
| Hu Keqin * | 53,311,160 | - | - | **53,311,160** |

** - Deemed interested under Section 8 of the Companies Act 2016 by virtue of their shareholdings in Palace Star Sdn. Bhd..*

## DIRECTORS' INTERESTS (CONT'D)

| | Number of Shares under ESS | | | |
|---|---|---|---|---|
| | At 1.1.2024 | Offered | Vested | At 31.12.2024 |
| *ESS of the Company* | | | | |
| *Direct Interests* | | | | |
| Gan Hung Keng | 990,000 | - | (165,000) | **825,000** |
| Ong Weng Leong | 990,000 | - | (165,000) | **825,000** |
| Soh Tong Hwa | 990,000 | - | (165,000) | **825,000** |
| Cham Teck Kuang | 990,000 | - | (165,000) | **825,000** |
| Hu Keqin | 990,000 | - | (165,000) | **825,000** |

By virtue of their shareholdings in the Company, Gan Hung Keng, Ong Weng Leong, Soh Tong Hwa, Cham Teck Kuang and Hu Keqin are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share scheme granted (pursuant to the ESS of the Company) and the warrants issued to certain directors.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| Fees | 303 | 303 |
| Salaries, bonuses and other benefits | 8,265 | 3,519 |
| Defined contribution benefits | 408 | 219 |
| Retirement gratuity fee | 1,264 | 1,264 |
| | 10,240 | 5,305 |

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Group and of the Company were RM323,529 and RM56,000 respectively.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM12,500 respectively.

No indemnity was given to or insurance effected for auditors of the Company.

## SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' report on the financial statements of the subsidiaries did not contain any qualification.

## SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 43 to the financial statements.

## AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:--

| | The Group RM'000 | The Company RM'000 |
|---|---|---|
| Audit fees | 863 | 246 |
| Non-audit fees | 6 | 6 |
| | 869 | 252 |

Signed in accordance with a resolution of the directors dated 25 April 2025

**Gan Hung Keng**

**Ong Weng Leong**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Gan Hung Keng and Ong Weng Leong, being two of the directors of Kelington Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 204 to 299 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 April 2025

**Gan Hung Keng** **Ong Weng Leong**

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Jong Yu Huat, MIA Membership Number: 29243, being the officer primarily responsible for the financial management of Kelington Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 204 to 299 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Jong Yu Huat,
at Kuala Lumpur
in the Federal Territory
on this 25 April 2025

**Jong Yu Huat**

Before me





# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KELINGTON GROUP BERHAD

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Kelington Group Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 204 to 299.

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

**Basis for Opinion**

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

*Independence and Other Ethical Responsibilities*

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

**Key Audit Matters**

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

## INDEPENDENT AUDITORS' REPORT
### TO THE MEMBERS OF KELINGTON GROUP BERHAD

**Key Audit Matters (Cont'd)**

We have determined the matters described below to be the key audit matters to be communicated in our report.

| **Contract assets/(liabilities) and revenue recognition**<br>Refer to Notes 14 and 29 to the financial statements |
|---|
| **Key Audit Matter** |
| Construction contract accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the quantum of revenue and profit to be recognised.<br><br>In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.<br><br>In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.<br><br>An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.<br><br>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised. |
| **How our audit addressed the Key Audit Matter** |
| Our procedures included, amongst others:-<br><br>• Reviewed the contract value secured and projected budgeted costs;<br>• Assessed the estimated total costs to complete through enquiries with management;<br>• Assessed the management's assumptions in determining the liquidated and ascertained damages;<br>• Inspected documentation to support cost estimates made including contract variations and cost contingencies;<br>• Compared contract budgets to actual outcomes to assess the reliability of management's estimation;<br>• Verified actual progress billings issued and actual costs incurred for the financial year;<br>• Checked subsequent billings of contract assets; and<br>• Recomputed profit recognised and checked calculation of the percentage of completion. |



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KELINGTON GROUP BERHAD

**Key Audit Matters (Cont'd)**

| **Recoverability of trade receivables**<br>Refer to Note 12 to the financial statements |
|---|
| **Key Audit Matter** |
| The balance of trade receivables amounted to RM299.4 million of which RM44.4 million exceeded their credit terms.<br><br>Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.<br><br>We focused on this area as the assessment on adequacy for allowance of impairment losses involves significant management judgement. |
| **How our audit addressed the Key Audit Matter** |
| Our procedures included, amongst others:-<br><br>• Obtained an understanding of:-<br>    • the Group's control over the trade receivables collection process;<br>    • how the Group identifies and assesses the impairment of trade receivables; and<br>    • how the Group makes the accounting estimates for impairment.<br>• Reviewed the ageing analysis of receivables and tested its reliability;<br>• Reviewed subsequent cash collections for major receivables and overdue amounts;<br>• Made inquiries to management regarding the action plans to recover overdue amounts;<br>• Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection;<br>• Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules;<br>• Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience;<br>• Reviewed the changes in expected credit losses assessment considering all reasonable and supportable information available about past events, current conditions and forecasts of future economic conditions; and<br>• Reviewed adequacy of disclosure of the assumptions used to measure the expected credit losses. |

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF KELINGTON GROUP BERHAD

**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KELINGTON GROUP BERHAD

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### OTHER MATTERS

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

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

**Elvina Tay Choon Choon**
03329/10/2025 J
Chartered Accountant

Kuala Lumpur

25 April 2025

# STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

| | Note | The Group 2024 RM'000 | The Group 2023 RM'000 | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 5 | **-** | - | **85,838** | 51,030 |
| Property, plant and equipment | 6 | **209,059** | 168,750 | **3,123** | 2,763 |
| Right-of-use assets | 7 | **5,068** | 6,756 | **-** | - |
| Amount owing by subsidiaries | 8 | **-** | - | **29,790** | 26,620 |
| Goodwill | 9 | **6,826** | 7,211 | **-** | - |
| Deferred tax assets | 10 | **2,280** | 1,333 | **-** | - |
| | | **223,233** | 184,050 | **118,751** | 80,413 |
| CURRENT ASSETS | | | | | |
| Inventories | 11 | **19,787** | 25,450 | **-** | - |
| Trade receivables | 12 | **299,388** | 386,584 | **4,677** | 4,016 |
| Other receivables, deposits and prepayments | 13 | **41,964** | 46,293 | **827** | 894 |
| Contract assets | 14 | **150,909** | 159,382 | **5,138** | 1,168 |
| Amount owing by subsidiaries | 8 | **-** | - | **11,141** | 9,932 |
| Current tax assets | | **1,790** | 308 | **116** | * |
| Fixed deposits with licensed banks | 15 | **210,136** | 36,129 | **58,540** | 18,911 |
| Cash and bank balances | 16 | **202,978** | 233,132 | **36,003** | 23,904 |
| | | **926,952** | 887,278 | **116,442** | 58,825 |
| TOTAL ASSETS | | **1,150,185** | 1,071,328 | **235,193** | 139,238 |





STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

| | Note | The Group 2024 RM'000 | The Group 2023 RM'000 | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| EQUITY | | | | | |
| Share capital | 17 | **183,981** | 73,792 | **183,981** | 73,792 |
| Treasury shares | 18 | **(534)** | (534) | **(534)** | (534) |
| Reserves | 19 | **289,851** | 259,338 | **32,221** | 36,661 |
| Equity attributable to the owners of the Company | | **473,298** | 332,596 | **215,668** | 109,919 |
| Non-controlling interests | 5 | **51** | 5,796 | **-** | - |
| TOTAL EQUITY | | **473,349** | 338,392 | **215,668** | 109,919 |
| NON-CURRENT LIABILITIES | | | | | |
| Lease liabilities | 20 | **1,721** | 2,598 | **-** | - |
| Hire purchase payables | 21 | **4,129** | 4,430 | **-** | - |
| Term loans | 22 | **74,531** | 55,617 | **-** | - |
| Deferred tax liabilities | 10 | **10,902** | 5,922 | **-** | - |
| | | **91,283** | 68,567 | **-** | - |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 23 | **188,978** | 223,841 | **5,550** | 3,590 |
| Contract liabilities | 14 | **222,360** | 249,714 | **181** | 352 |
| Other payables and accruals | 24 | **56,832** | 50,685 | **10,235** | 10,550 |
| Amount owing to subsidiaries | 8 | **-** | - | **1,365** | 2,307 |
| Provisions | 25 | **775** | 1,355 | **14** | 344 |
| Lease liabilities | 20 | **2,491** | 4,080 | **-** | - |
| Short-term borrowings | 26 | **102,397** | 119,241 | **2,180** | 12,000 |
| Bank overdrafts | 27 | **10** | 2,246 | **-** | - |
| Current tax liabilities | | **11,710** | 12,773 | **-** | 176 |
| Derivative liabilities | 28 | **-** | 434 | **-** | - |
| | | **585,553** | 664,369 | **19,525** | 29,319 |
| TOTAL LIABILITIES | | **676,836** | 732,936 | **19,525** | 29,319 |
| TOTAL EQUITY AND LIABILITIES | | **1,150,185** | 1,071,328 | **235,193** | 139,238 |

* - *Less than RM1,000*

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | Note | The Group 2024 RM'000 | The Group 2023 RM'000 | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|---|---|---|
| REVENUE | 29 | **1,272,169** | 1,614,449 | **87,030** | 70,527 |
| COST OF SALES | | **(1,027,385)** | (1,384,949) | **(21,654)** | (28,490) |
| GROSS PROFIT | | **244,784** | 229,500 | **65,376** | 42,037 |
| OTHER INCOME | | **12,426** | 9,571 | **5,185** | 5,274 |
| | | **257,210** | 239,071 | **70,561** | 47,311 |
| SELLING AND DISTRIBUTION EXPENSES | | **(4,751)** | (3,834) | **(224)** | (180) |
| ADMINISTRATIVE EXPENSES | | **(74,268)** | (72,902) | **(11,383)** | (16,305) |
| OTHER EXPENSES | | **(12,324)** | (7,727) | **(3,950)** | (372) |
| FINANCE COSTS | | **(9,402)** | (10,951) | **(339)** | (641) |
| NET REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS | 30 | **2,306** | (9,754) | **(1,399)** | 1,781 |
| PROFIT BEFORE TAXATION | 31 | **158,771** | 133,903 | **53,266** | 31,594 |
| INCOME TAX EXPENSE | 32 | **(32,015)** | (27,885) | **(1,313)** | (559) |
| PROFIT AFTER TAXATION | | **126,756** | 106,018 | **51,953** | 31,035 |
| OTHER COMPREHENSIVE (EXPENSES)/ INCOME | | | | | |
| Item that Will be Reclassified Subsequently to Profit or Loss | | | | | |
| Foreign currency translation differences | | **(7,341)** | 4,308 | **2,561** | (1,382) |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | **119,415** | 110,326 | **54,514** | 29,653 |
| **PROFIT AFTER TAXATION ATTRIBUTABLE TO:-** | | | | | |
| Owners of the Company | | **124,349** | 104,135 | **51,953** | 31,035 |
| Non-controlling interests | | **2,407** | 1,883 | **-** | - |
| | | **126,756** | 106,018 | **51,953** | 31,035 |





| | Note | The Group 2024 RM'000 | The Group 2023 RM'000 | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|---|---|---|
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-** | | | | | |
| Owners of the Company | | **117,010** | 108,423 | **54,514** | 29,653 |
| Non-controlling interests | | **2,405** | 1,903 | **-** | - |
| | | **119,415** | 110,326 | **54,514** | 29,653 |
| **EARNINGS PER SHARE (SEN)** | 33 | | | | |
| - Basic | | **18.43** | 16.17 | | |
| - Diluted | | **15.96** | 15.61 | | |

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| The Group | Note | Share Capital RM'000 | Treasury Shares RM'000 | Capital Reserve RM'000 (Non-distributable) | Employee Share Scheme Reserve RM'000 (Non-distributable) | Exchange Fluctuation Reserve RM'000 (Non-distributable) | Retained Profits RM'000 (Distributable) | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 1.1.2023 | | 73,292 | (534) | 10,150 | 634 | 8,928 | 146,829 | 239,299 | 3,816 | 243,115 |
| Profit after taxation for the financial year | | - | - | - | - | - | 104,135 | 104,135 | 1,883 | 106,018 |
| Other comprehensive income for the financial year: | | | | | | | | | | |
| - Foreign currency translation differences | | - | - | - | - | 4,288 | - | 4,288 | 20 | 4,308 |
| Total comprehensive income for the financial year | | - | - | - | - | 4,288 | 104,135 | 108,423 | 1,903 | 110,326 |
| Contributions by and distributions to owners of the Company: | | | | | | | | | | |
| - Dividends | 36 | - | - | - | - | - | (19,317) | (19,317) | - | (19,317) |
| - Share-based payments | | - | - | - | 4,545 | - | - | 4,545 | - | 4,545 |
| - Employees' share scheme vested | | 482 | - | - | (482) | - | - | - | - | - |
| - Warrants exercised | | 18 | - | - | - | - | - | 18 | - | 18 |
| - Bonus shares issued by subsidiaries | | - | - | 25,479 | - | - | (25,479) | - | - | - |
| - Transfer of non-distributable reserve funds by subsidiaries a subsidiary | | - | - | 2,798 | - | - | (2,798) | - | - | - |
| Total contributions by and distributions to owners of the Company | | 500 | - | 28,277 | 4,063 | - | (47,594) | (14,754) | - | (14,754) |
| Balance carried forward | | 73,792 | (534) | 38,427 | 4,697 | 13,216 | 203,370 | 332,968 | 5,719 | 338,687 |

| The Group | Note | Share Capital RM'000 | Treasury Shares RM'000 | Capital Reserve RM'000 (Non-distributable) | Employee Share Scheme Reserve RM'000 (Non-distributable) | Exchange Fluctuation Reserve RM'000 (Non-distributable) | Retained Profits RM'000 (Distributable) | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance brought forward | | 73,792 | (534) | 38,427 | 4,697 | 13,216 | 203,370 | 332,968 | 5,719 | 338,687 |
| Changes in ownership interests in subsidiaries: | | | | | | | | | | |
| Acquisition of non-controlling interests in: | | | | | | | | | | |
| - a direct subsidiary | 34(b) | - | - | - | - | - | (16) | (16) | (84) | (100) |
| - indirect subsidiaries | 34(b) | - | - | - | - | (23) | (1,919) | (1,942) | (3,260) | (5,202) |
| Dilution of interests in subsidiaries | | - | - | - | - | - | 1,586 | 1,586 | 3,606 | 5,192 |
| Disposal of a subsidiary | 35 | - | - | - | - | - | - | - | (185) | (185) |
| Total changes in ownership interests | | - | - | - | - | (23) | (349) | (372) | 77 | (295) |
| Balance at 31.12.2023 | | 73,792 | (534) | 38,427 | 4,697 | 13,193 | 203,021 | 332,596 | 5,796 | 338,392 |

## STATEMENTS OF CHANGES IN EQUITY
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| The Group | Note | Share Capital RM'000 | Treasury Shares RM'000 | Capital Reserve RM'000 (Non-distributable) | Employee Share Scheme Reserve RM'000 (Non-distributable) | Exchange Fluctuation Reserve RM'000 (Non-distributable) | Retained Profits RM'000 (Distributable) | Attributable to Owners of the Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 31.12.2023/1.1.2024 | | 73,792 | (534) | 38,427 | 4,697 | 13,193 | 203,021 | 332,596 | 5,796 | 338,392 |
| Profit after taxation for the financial year | | - | - | - | - | - | 124,349 | 124,349 | 2,407 | 126,756 |
| Other comprehensive income for the financial year: | | | | | | | | | | |
| - Foreign currency translation differences | | - | - | - | - | (7,339) | - | (7,339) | (2) | (7,341) |
| Total comprehensive income for the financial year | | - | - | - | - | (7,339) | 124,349 | 117,010 | 2,405 | 119,415 |
| Contributions by and distributions to owners of the Company: | | | | | | | | | | |
| - Dividends | 36 | - | - | - | - | - | (58,152) | (58,152) | - | (58,152) |
| - Employees' share scheme vested | | 802 | - | - | (802) | - | - | - | - | - |
| - Warrants exercised | | 83,774 | - | - | - | - | - | 83,774 | - | 83,774 |
| - Transfer of non-distributable reserve funds by subsidiaries | | - | - | 829 | - | - | (829) | - | - | - |
| - Transfer of non-distributable safety production reserve funds by a subsidiary | | - | - | 1,058 | - | - | (1,058) | - | - | - |
| Total contributions by and distributions to owners of the Company | | 84,576 | - | 1,887 | (802) | - | (60,039) | 25,622 | - | 25,622 |
| Changes in ownership interests in subsidiaries:- | | | | | | | | | | |
| Acquisition of non-controlling interests | 34(a) | 25,613 | - | - | - | - | (27,543) | (1,930) | (8,150) | (10,080) |
| **Balance at 31.12.2024** | | **183,981** | **(534)** | **40,314** | **3,895** | **5,854** | **239,788** | **473,298** | **51** | **473,349** |

| The Company | Note | Share Capital RM'000 | Treasury Shares RM'000 (Non-distributable) | Employee Share Scheme Reserve RM'000 (Non-distributable) | Exchange Fluctuation Reserve RM'000 (Non-distributable) | Retained Profits RM'000 (Distributable) | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1.1.2023 | | 73,292 | (534) | 634 | (1,494) | 23,122 | 95,020 |
| Profit after taxation for the financial year | | - | - | - | - | 31,035 | 31,035 |
| Other comprehensive expenses for the financial year: | | | | | | | |
| - Foreign currency translation differences | | - | - | - | (1,382) | - | (1,382) |
| Total comprehensive income for the financial year | | - | - | - | (1,382) | 31,035 | 29,653 |
| Contributions by and distributions to owners of the Company/Total transaction with owners: | | | | | | | |
| - Dividends | 36 | - | - | - | - | (19,317) | (19,317) |
| - Employees' share scheme reserve | | - | - | 4,545 | - | - | 4,545 |
| - Employees' share scheme vested | | 482 | - | (482) | - | - | - |
| - Warrants exercised | | 18 | - | - | - | - | 18 |
| Total contributions by and distributions to owners of the Company | | 500 | - | 4,063 | - | (19,317) | (14,754) |
| Balance at 31.12.2023 | | 73,792 | (534) | 4,697 | (2,876) | 34,840 | 109,919 |

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| The Company | Note | Share Capital RM'000 | Treasury Shares RM'000 | Employee Share Scheme Reserve RM'000 | Exchange Fluctuation Reserve RM'000 | Retained Profits RM'000 | Total Equity RM'000 |
|---|---|---|---|---|---|---|---|
| | | | ← Non-distributable | | → | Distributable | |
| Balance at 31.12.2023/1.1.2024 | | 73,792 | (534) | 4,697 | (2,876) | 34,840 | 109,919 |
| Profit after taxation for the financial year | | - | - | - | - | 51,953 | 51,953 |
| Other comprehensive income for the financial year: | | | | | | | |
| - Foreign currency translation differences | | - | - | - | 2,561 | - | 2,561 |
| Total comprehensive income for the financial year | | - | - | - | 2,561 | 51,953 | 54,514 |
| Contributions by and distributions to owners of the Company/Total transaction with owners: | | | | | | | |
| - Issuance of shares | 17 | 25,613 | - | - | - | - | 25,613 |
| - Dividends | 36 | - | - | - | - | (58,152) | (58,152) |
| - Employees' share scheme vested | | 802 | - | (802) | - | - | - |
| - Warrants exercised | | 83,774 | - | - | - | - | 83,774 |
| Total contributions by and distributions to owners of the Company | | 110,189 | - | (802) | - | (58,152) | 51,235 |
| **Balance at 31.12.2024** | | **183,981** | **(534)** | **3,895** | **(315)** | **28,641** | **215,668** |

The annexed notes form an integral part of these financial statements.





# STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | | | |
| Profit before taxation | **158,771** | 133,903 | **53,266** | 31,594 |
| Adjustments for:- | | | | |
| Bad debts written off | **-** | - | **-** | 121 |
| Depreciation of property, plant and equipment | **9,947** | 7,134 | **303** | 240 |
| Depreciation of right-of-use assets | **4,789** | 3,888 | **-** | - |
| Net (reversal of impairment loss)/ impairment losses on financial assets and contract assets | **(2,306)** | 9,754 | **1,399** | (1,781) |
| Inventories written off | **19** | - | **-** | - |
| Loss/(Gain) on disposal of subsidiaries | **-** | 36 | **-** | (640) |
| Interest expense on lease liabilities | **177** | 189 | **-** | - |
| Finance costs | **9,225** | 10,706 | **339** | 610 |
| Changes on lease modification | **-** | (3) | **-** | - |
| Loss/(Gain) on disposal of property, plant and equipment | **3** | 134 | **-** | (6) |
| Property, plant and equipment written off | **-** | 33 | **-** | - |
| Net (reversal)/addition of provision for warranty costs | **(203)** | 310 | **32** | 11 |
| Provision for foreseeable losses | **-** | 323 | **-** | 323 |
| Share-based payments | **-** | 4,545 | **(349)** | 2,121 |
| Dividend income | **-** | - | **(56,035)** | (30,345) |
| Fair value loss/(gain) on derivatives | **889** | (2,568) | **-** | - |
| Interest income | **(5,946)** | (2,463) | **(3,215)** | (2,085) |
| Unrealised loss/(gain) on foreign exchange | **3,479** | 18 | **3,580** | (1,634) |
| Waiver of debts | **-** | (164) | **-** | (164) |
| Operating profit/(loss) before working capital changes | **178,844** | 165,775 | **(680)** | (1,635) |
| Decrease/(Increase) in inventories | **4,498** | (3,135) | **-** | 565 |
| Increase in contract assets/liabilities | **(40,627)** | 4,783 | **(5,010)** | 1,554 |
| Decrease/(Increase) in trade and other receivables | **81,063** | 18,706 | **(2,444)** | 2,651 |
| (Decrease)/Increase in trade, other payables and provisions | **(25,026)** | 9,759 | **1,857** | 1,692 |
| (Increase)/Decrease in amount owing by subsidiaries | **-** | - | **(2,281)** | 1,000 |
| Decrease in amount owing to subsidiaries | **-** | - | **(782)** | (1,329) |
| CASH FROM/(FOR) OPERATIONS | **198,752** | 195,888 | **(9,340)** | 4,498 |
| Income tax paid | **(30,010)** | (21,331) | **(1,605)** | (109) |
| Interest paid | **(146)** | (34) | **(76)** | - |
| Interest received | **5,946** | 2,463 | **1,427** | 573 |
| NET CASH FROM/(FOR) OPERATING ACTIVITIES | **174,542** | 176,986 | **(9,594)** | 4,962 |

## STATEMENTS OF CASH FLOWS
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES | | | | | |
| Advances to subsidiaries | | **-** | - | **(7,000)** | (4,000) |
| Addition to right-of-use assets | 37(a) | **(291)** | - | **-** | - |
| Additional investment in an existing subsidiary | 34 | **-** | - | **(10,080)** | - |
| Disposal of subsidiaries, net of cash and cash equivalents disposed of | 35 | **-** | (65) | **-** | 960 |
| Dividends received | | **-** | - | **56,035** | 30,345 |
| Interest income received | | **-** | - | **1,788** | 1,512 |
| Purchase of property, plant and equipment | 37(a) | **(48,508)** | (69,170) | **(666)** | (86) |
| Proceeds from disposal of property, plant and equipment | | **40** | 1,117 | **-** | 6 |
| Receipts of advances from subsidiaries | | **-** | - | **2,080** | 3,960 |
| Additions of fixed deposits with tenure more than 3 months | | **(23,749)** | (21) | **(10,000)** | - |
| NET CASH (FOR)/FROM INVESTING ACTIVITIES | | **(72,508)** | (68,139) | **32,157** | 32,697 |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | | | | |
| Acquisition of non-controlling interests | 34 | **(10,080)** | (110) | **-** | (100) |
| Dividends paid | 36 | **(58,152)** | (19,317) | **(58,152)** | (19,317) |
| Drawdown of borrowings | 37(b) | **152,052** | 195,686 | **8,180** | 2,389 |
| Repayment from subsidiaries for share-based payments | | **-** | - | **1,235** | 136 |
| Proceeds from exercise of warrants | | **83,774** | 18 | **83,774** | 18 |
| Repayment of borrowings and lease liabilities | 37(b) | **(153,361)** | (271,086) | **(18,000)** | (2,389) |
| Interest paid | 37(b) | **(9,172)** | (11,480) | **(259)** | (610) |
| (Additions to)/Withdrawal of pledged fixed deposits and bank balances | | **(2,228)** | (490) | **1,696** | 555 |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES | | **2,833** | (106,779) | **18,474** | (19,318) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | **104,867** | 2,068 | **41,037** | 18,341 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | **15,245** | 5,722 | **2,387** | (983) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | **237,322** | 229,532 | **26,904** | 9,546 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 37(c) | **357,434** | 237,322 | **70,328** | 26,904 |

The annexed notes form an integral part of these financial statements.





# NOTES TO THE FINANCIAL STATEMENTS
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

| | | |
|---|---|---|
| Registered office | : | Level 13, Menara 1 Sentrum,<br>201, Jalan Tun Sambanthan, Brickfields,<br>50470 Kuala Lumpur,<br>Wilayah Persekutuan Kuala Lumpur. |
| Principal place of business | : | 3, Jalan Astaka U8/83, Seksyen U8,<br>Bukit Jelutong Industrial Park,<br>40150 Shah Alam,<br>Selangor Darul Ehsan. |

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2025.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding, providing engineering services, construction and general trading. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

**3. BASIS OF PREPARATION (CONT'D)**

3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|---|
| MFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity | 1 January 2026 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |
| Annual Improvements to MFRS Accounting Standards - Volume 11 | 1 January 2026 |

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

**4. MATERIAL ACCOUNTING POLICY INFORMATION**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

***Key Sources of Estimation Uncertainty***

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.





**4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

***Key Sources of Estimation Uncertainty (Cont'd)***

**(b) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories at the reporting date is disclosed in Note 11 to the financial statements.

**(c) Impairment of Trade Receivables and Contract Assets**

The Group and the Company use the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company develop the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables, contract assets and amount owing by subsidiaries (trade balances) as at the reporting date are disclosed in Notes 8, 12 and 14 to the financial statements respectively.

**(d) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group and the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group and the Company use judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends and existing market conditions. The carrying amounts of other receivables and amount owing by subsidiaries (non-trade balances) as at the reporting date are disclosed in Notes 8 and 13 to the financial statements respectively.

**(e) Revenue Recognition for Construction Contracts**

The Group and the Company recognise construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 14 to the financial statements.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

***Key Sources of Estimation Uncertainty (Cont'd)***

**(f) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group and of the Company as at the reporting date are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024<br>RM'000 | 2023<br>RM'000 | 2024<br>RM'000 | 2023<br>RM'000 |
| Current tax assets | 1,790 | 308 | 116 | * |
| Current tax liabilities | 11,710 | 12,773 | - | 176 |

** - Less than RM1,000*

**(g) Discount Rates used in Leases**

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

***Critical Judgements Made in Applying Accounting Policies***

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

**(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

***Critical Judgements Made in Applying Accounting Policies (Cont'd)***

**(b) Share-based Payments**

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

### 4.2 FINANCIAL INSTRUMENTS

**(a) Financial Assets**

<u>Financial Assets Through Profit or Loss</u>

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

<u>Financial Assets at Amortised Cost</u>

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

<u>Financial Assets Through Other Comprehensive Income</u>

The Group and the Company have elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

**(b) Financial Liabilities**

<u>Financial Liabilities Through Profit or Loss</u>

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 4.2 FINANCIAL INSTRUMENTS (CONT'D)

**(b) Financial Liabilities (Cont'd)**

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

**(c) Equity**

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

**(d) Derivatives**

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

**(e) Financial Guarantee Contracts**

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

### 4.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

### 4.4 INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries (including the share options granted to employees of the subsidiaries), which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.



## 4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

### 4.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

| | |
|---|---|
| Building | 2% |
| Motor vehicles | 10% |
| Office and computer equipment | 10% - 20% |
| Tools and equipment | 10% - 20% |
| Furniture, fittings and renovation | 10% |
| Plant and machinery | 3.33% - 6.67% |

Capital work-in-progress represents plant and machinery under construction. They are not depreciated until such time when the asset is available for use.

### 4.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

**(a) Short-term Leases and Leases of Low-value Assets**

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

**(b) Right-of-use Assets**

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

**(c) Lease Liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

### 4.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

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## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 5. INVESTMENTS IN SUBSIDIARIES

| | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|
| Unquoted shares, at cost: | | |
| - in Malaysia | **61,477** | 25,954 |
| - outside Malaysia | **21,478** | 21,478 |
| Employee share scheme ("ESS") vested to employees of subsidiaries | **2,883** | 3,768 |
| | **85,838** | 51,200 |
| Accumulated impairment losses | **-** | (170) |
| | **85,838** | 51,030 |

The details of the subsidiaries are as follows:-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2024 % | 2023 % | Principal Activities |
|---|---|---|---|---|
| *Subsidiaries of the Company* | | | | |
| Kelington Technologies Sdn. Bhd. ("KTSB") | Malaysia | **100** | 100 | Provision of engineering services. |
| Kelington Engineering (Shanghai) Co., Ltd. ("KESH")* | The People's Republic Of China ("PRC") | **100** | 100 | Provision of engineering services. |
| Kelington Engineering (S) Pte. Ltd. ("KESG")* | Singapore | **100** | 100 | Provision of engineering solutions on Ultra-High-Purity gas and chemical delivery system. |
| Kelington Nawik Sdn. Bhd. ("KNSB") | Malaysia | **-** | 90 | Providing engineering consultancy and services, construction, engineering process and installation. |
| Ace Gases Sdn. Bhd. ("AGSB") | Malaysia | **100** | 90.71 | Distribution, supply, import, trading, manufacturing of industrial gases, designs, installation, commissioning of industrial gas system and related equipment. |
| Hiti Engineering (M) Sdn. Bhd. ("HITI") | Malaysia | **100** | 100 | Provision of engineering services. |



## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2024 % | 2023 % | Principal Activities |
|---|---|---|---|---|
| *Subsidiaries of the Company (Cont'd)* | | | | |
| Puritec Technologies (M) Sdn. Bhd. ("PTM") | Malaysia | **100** | 100 | Provision of engineering services and general trading. |
| *Subsidiary of KTSB* | | | | |
| Kelington Technologies (Sarawak) Sdn. Bhd. ("KTSSB") | Malaysia | **100** | 100 | Providing turnkey engineering services from initial system design up to maintenance and servicing after completion. |
| *Subsidiaries of KESH* | | | | |
| Kelington Trading (Shanghai) Co., Ltd. ("KTSH")* | PRC | **100** | 100 | Trading of machinery equipment and related parts and components. |
| Kelington System Integration (Chuzhou) Co., Ltd. ("KSICZ")* | PRC | **100** | 100 | Providing business of fabrication of gas and liquid delivery equipment and mechanical parts for semiconductor industry. |
| *Subsidiaries of KESG* | | | | |
| Puritec Technologies (S) Pte. Ltd. ("PTS")* | Singapore | **100** | 100 | Provision of engineering services in clean energy system. |
| Kelington Solomon Philippines, Inc ("KSP")* | Philippines | **90** | 90 | Business of manufacturing, installation and trading of Ultra-High-Purity gas accessories. |
| Kelington Engineering (HK) Ltd. ("KEHK")^ | Hong Kong | **100** | 100 | Providing construction, process, install testing and commissioning body corporate.# |
| Kelington Engineering (Germany) GmbH ("KE Germany")^ | Germany | **100** | - | Providing construction, process, install testing and commissioning body corporate.# |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries are as follows (Cont'd):-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2024 % | 2023 % | Principal Activities |
|---|---|---|---|---|
| *Subsidiaries of AGSB* | | | | |
| Ace Gases Marketing Sdn. Bhd. ("AGMSB") | Malaysia | **100** | 90.71 | Marketing, sale, distribution, supply, import, trading of industrial gas, service of gas manufacturing activities and industrial gas delivery system, storage and rental solutions, related products, analytical instrument, equipment, containers and tankers for industrial gases. |
| Ace Gases Marketing (S) Pte. Ltd. ("AGMS")* | Singapore | **100** | 90.71 | Wholesaling of chemicals and chemical products, manufacturing of industrial gases and dry ice. |
| Cryotech Logistics Sdn. Bhd. ("CLSB") | Malaysia | **100** | 90.71 | Provision of skid tank renting and industrial gases transportation and logistics arrangement and general trading of industrial gases. |
| Ace Gases Technologies India Private Limited ("AGTI")* | India | **100** | - | Construction and manufacturing of gas delivery system and facilities, repair of gas manufacturing activities, production, distribution, supply, import and trading of gases.# |

*Notes:-*
** - These subsidiaries were audited by firms other than Crowe Malaysia PLT.*
*# - These subsidiaries did not carry out any business activities during the financial year.*
*^ - These subsidiaries were not required to be audited under the laws of the country of incorporation.*

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries are as follows (Cont'd):-

(a) On 7 January 2024, KNSB, a wholly-owned subsidiary of the Company had completed the application for striking off with Companies Commission Malaysia. Subsequently on 5 April 2024, KNSB has been struck off from the register.

(b) On 6 March 2024, KESG, a wholly-owned subsidiary of the Company, incorporated a subsidiary known as KE Germany with an issued and paid-up share capital of EUR25,000 comprising 25,000 ordinary shares.

(c) On 21 July 2024, AGSB, a subsidiary of the Company, incorporated a subsidiary known as AGTI with an issued and paid-up share capital of INR100,000 comprising 10,000 ordinary share.

(d) On 19 November 2024, the Company acquired the remaining 9.29% equity interests in AGSB for a purchase consideration of RM35,692,893 from its non-controlling interests. The acquisition was satisfied via cash consideration of RM10,079,482 and the issuance of 7,590,958 new ordinary shares of the Company.

Upon completion of the acquisition, AGSB became a wholly-owned subsidiary of the Company. The details of the acquisition are disclosed in Note 34(a) to the financial statements.

(e) The non-controlling interests at the end of the reporting period comprised the following:-

| The Group | Effective Equity Interest 2024 % | 2023 % | The Group 2024 RM'000 | 2023 RM'000 |
|---|---|---|---|---|
| AGSB Group | **-** | 9.29 | **-** | 5,760 |
| KESG Group: | | | | |
| - KSP | **10** | 10 | **51** | 36 |
| | | | **51** | 5,796 |

(f) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

## 6. PROPERTY, PLANT AND EQUIPMENT

| The Group | At 1.1.2024 RM'000 | Additions RM'000 | Transfer From/(To) RM'000 | Disposals RM'000 | Exchange Fluctuation Differences RM'000 | Depreciation Charges RM'000 | At 31.12.2024 RM'000 |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| *Carrying amount* | | | | | | | |
| Freehold land | 4,030 | - | - | - | - | - | 4,030 |
| Building | 1,502 | - | - | - | - | (43) | 1,459 |
| Motor vehicles | 7,561 | - | 1,439 | (34) | (127) | (1,104) | 7,735 |
| Office and computer equipment | 2,410 | 1,014 | 54 | (3) | (62) | (923) | 2,490 |
| Tools and equipment | 13,787 | 4,077 | 238 | (6) | (139) | (2,264) | 15,693 |
| Furniture, fittings and renovation | 4,382 | 796 | 43 | - | (144) | (773) | 4,304 |
| Plant and machinery | 59,615 | - | 52,555 | - | (118) | (4,840) | 107,212 |
| Capital work-in-progress | 75,463 | 45,034 | (54,329) | - | (32) | - | 66,136 |
| | 168,750 | 50,921 | - | (43) | (622) | (9,947) | 209,059 |

| The Group | At 1.1.2023 RM'000 | Additions RM'000 | Transfer From/(To) RM'000 | Disposals RM'000 | Disposal Of A Subsidiary RM'000 | Written off RM'000 | Exchange Fluctuation Differences RM'000 | Depreciation Charges RM'000 | At 31.12.2023 RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| *Carrying amount* | | | | | | | | | |
| Freehold land | 4,030 | - | - | - | - | - | - | - | 4,030 |
| Building | 1,545 | - | - | - | - | - | - | (43) | 1,502 |
| Motor vehicles | 5,023 | 2,945 | 1,665 | (1,244) | - | - | 60 | (888) | 7,561 |
| Office and computer equipment | 2,486 | 706 | - | (7) | (7) | (33) | 72 | (807) | 2,410 |
| Tools and equipment | 8,497 | 6,708 | 280 | - | (26) | - | 53 | (1,725) | 13,787 |
| Furniture, fittings and renovation | 4,576 | 321 | 57 | - | (2) | - | 122 | (692) | 4,382 |
| Plant and machinery | 48,018 | 6,023 | 8,458 | - | - | - | 95 | (2,979) | 59,615 |
| Capital work-in-progress | 32,616 | 53,307 | (10,460) | - | - | - | - | - | 75,463 |
| | 106,791 | 70,010 | - | (1,251) | (35) | (33) | 402 | (7,134) | 168,750 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | At Cost RM'000 | Accumulated Depreciation RM'000 | Carrying Amount RM'000 |
|---|---|---|---|
| **2024** | | | |
| Freehold land | **4,030** | **-** | **4,030** |
| Building | **2,150** | **(691)** | **1,459** |
| Motor vehicles | **11,236** | **(3,501)** | **7,735** |
| Office and computer equipment | **6,810** | **(4,320)** | **2,490** |
| Tools and equipment | **29,923** | **(14,230)** | **15,693** |
| Furniture, fittings and renovation | **8,135** | **(3,831)** | **4,304** |
| Plant and machinery | **123,249** | **(16,037)** | **107,212** |
| Capital work-in-progress | **66,136** | **-** | **66,136** |
| | **251,669** | **(42,610)** | **209,059** |
| **2023** | | | |
| Freehold land | 4,030 | - | 4,030 |
| Building | 2,150 | (648) | 1,502 |
| Motor vehicles | 10,228 | (2,667) | 7,561 |
| Office and computer equipment | 5,990 | (3,580) | 2,410 |
| Tools and equipment | 26,168 | (12,381) | 13,787 |
| Furniture, fittings and renovation | 7,554 | (3,172) | 4,382 |
| Plant and machinery | 70,823 | (11,208) | 59,615 |
| Capital work-in-progress | 75,463 | - | 75,463 |
| | 202,406 | (33,656) | 168,750 |

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Company | At 1.1.2024 RM'000 | Additions RM'000 | Exchange Fluctuation Difference RM'000 | Depreciation Charges RM'000 | At 31.12.2024 RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| *Carrying Amount* | | | | | |
| Freehold land | **1,300** | **-** | **-** | **-** | **1,300** |
| Building | **812** | **-** | **-** | **(28)** | **784** |
| Office and computer equipment | **421** | **236** | **(3)** | **(197)** | **457** |
| Tools and equipment | **6** | **-** | **-** | **(5)** | **1** |
| Furniture, fittings and renovation | **224** | **430** | **-** | **(73)** | **581** |
| | **2,763** | **666** | **(3)** | **(303)** | **3,123** |

| The Company | At 1.1.2023 RM'000 | Additions RM'000 | Exchange Fluctuation Difference RM'000 | Depreciation Charges RM'000 | At 31.12.2023 RM'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| *Carrying Amount* | | | | | |
| Freehold land | 1,300 | - | - | - | 1,300 |
| Building | 840 | - | - | (28) | 812 |
| Office and computer equipment | 498 | 86 | 2 | (165) | 421 |
| Tools and equipment | 12 | - | - | (6) | 6 |
| Furniture, fittings and renovation | 265 | - | - | (41) | 224 |
| | 2,915 | 86 | 2 | (240) | 2,763 |





## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Company | At Cost RM'000 | Accumulated Depreciation RM'000 | Carrying Amount RM'000 |
|---|---|---|---|
| **2024** | | | |
| Freehold land | **1,300** | **-** | **1,300** |
| Building | **1,400** | **(616)** | **784** |
| Motor vehicles | **117** | **(117)** | **-** |
| Office and computer equipment | **1,307** | **(850)** | **457** |
| Tools and equipment | **672** | **(671)** | **1** |
| Furniture, fittings and renovation | **1,303** | **(722)** | **581** |
| | **6,099** | **(2,976)** | **3,123** |
| **2023** | | | |
| Freehold land | 1,300 | - | 1,300 |
| Building | 1,400 | (588) | 812 |
| Motor vehicles | 128 | (128) | - |
| Office and computer equipment | 1,080 | (659) | 421 |
| Tools and equipment | 736 | (730) | 6 |
| Furniture, fittings and renovation | 878 | (654) | 224 |
| | 5,522 | (2,759) | 2,763 |

Included in the carrying amount of property, plant and equipment of the Group and of the Company at the end of the reporting period are the following assets pledged to licensed banks as securities for banking facilities granted to the Group and to the Company as disclosed in Notes 22 and 26 to the financial statements:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Freehold land | **4,030** | 4,030 | **1,300** | 1,300 |
| Building | **1,459** | 1,502 | **784** | 812 |
| Plant and machinery | **68,167** | 31,214 | **-** | - |
| Capital work-in-progress | **65,224** | 73,690 | **-** | - |
| | **138,880** | 110,436 | **2,084** | 2,112 |

## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment of the Group at the end of the reporting period were the following assets held under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 21 to the financial statements.

| | The Group | |
|---|---|---|
| | 2024 RM'000 | 2023 RM'000 |
| Motor vehicles | **4,850** | 7,026 |
| Plant and machinery | **2,277** | 1,611 |
| | **7,127** | 8,637 |

Included in capital work-in-progress of the Group is term loans interest amounting to approximately RM388,000 (2023 - RM512,000).

## 7. RIGHT-OF-USE ASSETS

| The Group | At 1.1.2024 RM'000 | Additions RM'000 | Depreciation Charges RM'000 | Exchange Fluctuation Differences RM'000 | At 31.12.2024 RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| *Carrying Amount* | | | | | |
| Hostels | **333** | **-** | **(231)** | **(9)** | **93** |
| Leasehold lands | **142** | **728** | **(23)** | **-** | **847** |
| Motor vehicles | **161** | **-** | **(158)** | **(3)** | **-** |
| Office premises | **3,476** | **1,589** | **(1,929)** | **(108)** | **3,028** |
| Tanks | **2,460** | **-** | **(1,919)** | **-** | **541** |
| Warehouse | **184** | **895** | **(529)** | **9** | **559** |
| | **6,756** | **3,212** | **(4,789)** | **(111)** | **5,068** |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 7. RIGHT-OF-USE ASSETS (CONT'D)

| The Group | At 1.1.2023 RM'000 | Additions RM'000 | Depreciation Charges RM'000 | Exchange Fluctuation Differences RM'000 | Modification of Lease Liabilities RM'000 | At 31.12.2023 RM'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| *Carrying Amount* | | | | | | |
| Hostels | 224 | 470 | (214) | (153) | 6 | 333 |
| Leasehold land | 144 | - | (2) | - | - | 142 |
| Motor vehicles | 376 | - | (233) | - | 18 | 161 |
| Office premises | 2,187 | 2,614 | (1,427) | - | 102 | 3,476 |
| Tanks | - | 3,998 | (1,538) | - | - | 2,460 |
| Warehouse | 630 | - | (474) | - | 28 | 184 |
| | 3,561 | 7,082 | (3,888) | (153) | 154 | 6,756 |

The Group leases various office premises, warehouse, motor vehicles, tanks and hostels of which the leasing activities are summarised below:-

(i) Hostels — The Group has leased a number of hostels for 2 (2023 - 2) years, with an option to renew the lease after that date.

(ii) Leasehold lands — The Group has entered into 2 (2023 - 1) non-cancellable operating lease agreement for the use of land. The lease is for a period between 30 to 60 (2023 - 60) years respectively. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(iii) Motor vehicles — In the previous financial year, the Group leased a number of motor vehicles for 2 years, with no option to renew the lease after that date.

(iv) Office premises — The Group has leased a number of office premises between 1 and 5 (2023 - 2 and 4) years, with an option to renew the lease after that date. The Group is not allowed to sublease the office premises.

(v) Tanks — The Group has leased a number of tanks for 2 (2023 - 2) years, with an option to renew the lease after that date.

(vi) Warehouse — The Group has leased a warehouse for 2 (2023 - 2) years, with an option to renew the lease after that date.

## 8. AMOUNTS OWING BY/(TO) SUBSIDIARIES

| | The Company 2024 RM'000 | 2023 RM'000 |
|---|---|---|
| Amount owing by:- | | |
| Trade balances | **4,881** | 1,689 |
| Non-trade balances: | | |
| - interest-free | **2,090** | 5,823 |
| - interest-bearing ranging from 4.74% to 5.09% (2023 - 4.74% to 5.40%) | **33,960** | 29,040 |
| | **40,931** | 36,552 |

| | The Company 2024 RM'000 | 2023 RM'000 |
|---|---|---|
| Allowance for impairment losses:- | | |
| At 1 January | **-** | 465 |
| Written off during the financial year | **-** | (465) |
| At 31 December | **-** | - |
| Analysed by:- | | |
| Non-current assets | **29,790** | 26,620 |
| Current assets | **11,141** | 9,932 |
| | **40,931** | 36,552 |
| Amount owing to:- | | |
| Non-trade balances: | | |
| - interest-free | **(1,365)** | (2,307) |

(a) The trade balances are subject to the normal trade credit term of 30 (2023 - 30) days. The amount owing is to be settled in cash.

(b) The interest-free balances are non-trade in nature, unsecured and repayable on demand. The amount owing is to be settled in cash.

(c) The interest-bearing balances are non-trade in nature, unsecured and repayable in 12 yearly instalments (2023 - repayable in 12 yearly instalments). The amount owing is to be settled in cash.



## 9. GOODWILL

| | The Group 2024 RM'000 | 2023 RM'000 |
|---|---|---|
| At 1 January | **7,211** | 6,829 |
| Disposal of a subsidiary | **-** | (30) |
| Foreign exchange adjustments | **(385)** | 412 |
| At 31 December | **6,826** | 7,211 |

(a) The carrying amounts of goodwill allocated to each cash-generating units ("CGU") are as follows:-

| | The Group 2024 RM'000 | 2023 RM'000 |
|---|---|---|
| PTS: | | |
| - provision of engineering services in clean energy system | **6,627** | 7,011 |
| Other cash-generating units without significant goodwill | **199** | 200 |
| At 31 December | **6,826** | 7,211 |

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the CGU are determined using the value in use approach, and this is derived from the present value of the future cash flows computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

| Budgeted Gross Margin 2024 | 2023 | Growth Rates 2024 | 2023 | Discount Rate 2024 | 2023 |
|---|---|---|---|---|---|
| **17%** | 15% | **4% - 5%** | 5% | **10.12%** | 10.66% |

(i) Budgeted gross margin — Management determines budgeted gross margin based on past performance and its expectations of market development.

(ii) Growth rates — Based on the expected projection of the engineering services segment.

(iii) Discount rate (pre-tax) — Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risk specific to the CGU. The rate used to discount the forecasted cash flows reflects specific risks and expected returns relating to the industry.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

No impairment testing is done on other cash-generating units which are considered immaterial to the Group.

(c) Management believes that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amounts to exceed its recoverable amounts.

## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**10. DEFERRED TAX ASSETS/(LIABILITIES)**

| The Group | At 1.1.2024 RM'000 | Recognised In Profit or Loss (Note 32) RM'000 | Exchange Fluctuation Differences RM'000 | At 31.12.2024 RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| *Deferred tax liabilities* | | | | |
| Plant and machinery | (10,389) | (5,146) | 22 | (15,513) |
| Right-of-use assets | - | (244) | 4 | (240) |
| Other taxable temporary differences | (117) | 98 | - | (19) |
| | (10,506) | (5,292) | 26 | (15,772) |
| *Deferred tax assets* | | | | |
| Lease liabilities | - | 321 | (7) | 314 |
| Unused tax losses | 97 | - | - | 97 |
| Unabsorbed capital allowances | 4,314 | (36) | - | 4,278 |
| Other deductible temporary differences | 1,506 | 1,054 | (99) | 2,461 |
| | 5,917 | 1,339 | (106) | 7,150 |
| | (4,589) | (3,953) | (80) | (8,622) |

| The Group | At 1.1.2023 RM'000 | Recognised In Profit or Loss (Note 32) RM'000 | Exchange Fluctuation Differences RM'000 | At 31.12.2023 RM'000 |
|---|---|---|---|---|
| **2023** | | | | |
| *Deferred tax liabilities* | | | | |
| Plant and machinery | (7,979) | (2,404) | (6) | (10,389) |
| Other taxable temporary differences | - | (117) | - | (117) |
| | (7,979) | (2,521) | (6) | (10,506) |
| *Deferred tax assets* | | | | |
| Unused tax losses | 97 | - | - | 97 |
| Unabsorbed capital allowances | 5,037 | (723) | - | 4,314 |
| Other deductible temporary differences | 852 | 637 | 17 | 1,506 |
| | 5,986 | (86) | 17 | 5,917 |
| | (1,993) | (2,607) | 11 | (4,589) |



**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities in respect of each entity and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:-

| | The Group | |
|---|---|---|
| | 2024 RM'000 | 2023 RM'000 |
| Deferred tax assets, net | 2,280 | 1,333 |
| Deferred tax liabilities, net | (10,902) | (5,922) |
| | (8,622) | (4,589) |

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unused tax losses: | | | | |
| - expiring within 5 years | 15,918 | 15,071 | 15,918 | 14,898 |
| - expiring within 6 to 10 years | 63 | 2,631 | - | 2,427 |
| Unabsorbed capital allowances | 2 | - | - | - |
| Other deductible temporary differences | 20,284 | 21,437 | 12,785 | 11,521 |
| | 36,267 | 39,139 | 28,703 | 28,846 |

Certain comparative figures have been restated to reflect the revised unused tax losses, unabsorbed capital allowances and other deductible temporary differences available to the Group.

Based on Malaysia's current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

**11. INVENTORIES**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Materials for contracts | 19,320 | 24,609 | - | - |
| Industrial gases | 467 | 841 | - | - |
| | 19,787 | 25,450 | - | - |
| Recognised in profit or loss:- | | | | |
| Inventories recognised as cost of sales | 44,140 | 68,038 | - | 550 |
| Inventories written off | 19 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 12. TRADE RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Trade receivables | **316,546** | 401,848 | **7,322** | 4,661 |
| Allowance for impairment losses | **(17,158)** | (15,264) | **(2,645)** | (645) |
| | **299,388** | 386,584 | **4,677** | 4,016 |
| Allowance for impairment losses:- | | | | |
| At 1 January | **(15,264)** | (15,286) | **(645)** | (1,141) |
| Additions during the financial year (Note 30) | **(3,568)** | (743) | **(1,399)** | - |
| Reversal during the financial year (Note 30) | **1,947** | 935 | **-** | 549 |
| Disposal of a subsidiary | **-** | 36 | **-** | - |
| Effect of foreign exchange translation | **(273)** | (206) | **(601)** | (53) |
| At 31 December | **(17,158)** | (15,264) | **(2,645)** | (645) |

(a) The Group's normal trade credit terms range from 7 to 120 (2023 - 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in trade receivables of the Group and of the Company are project retention sums which are expected to be received from customers in accordance with the terms of respective contracts as below:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Within 1 year | **50,526** | 34,415 | **-** | - |
| More than 1 year | **30,264** | 44,008 | **-** | - |
| | **80,790** | 78,423 | **-** | - |

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Other receivables:- | | | | |
| Third parties | **8,831** | 19,231 | **53** | - |
| Advances paid to suppliers | **20,414** | 17,200 | **-** | - |
| Goods and Services Tax ("GST") recoverable | **6,730** | 4,725 | **-** | - |
| | **35,975** | 41,156 | **53** | - |
| Deposits | **4,805** | 3,078 | **748** | 162 |
| Prepayments | **1,184** | 2,059 | **26** | 732 |
| | **41,964** | 46,293 | **827** | 894 |

The advances paid to suppliers of the Group are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

## 14. CONTRACT ASSETS/(LIABILITIES)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Contract Assets** | | | | |
| Contract assets relating to construction contracts | **158,373** | 173,677 | **5,156** | 3,619 |
| Allowance for impairment losses | **(7,464)** | (14,295) | **(18)** | (2,451) |
| | **150,909** | 159,382 | **5,138** | 1,168 |
| Allowance for impairment losses:- | | | | |
| At 1 January | **(14,295)** | (4,149) | **(2,451)** | (3,545) |
| Addition during the financial year (Note 30) | **-** | (11,183) | **-** | - |
| Reversal during the financial year (Note 30) | **3,927** | 1,237 | **-** | 1,232 |
| Changes due to contract modification | **2,220** | - | **2,220** | - |
| Effect of foreign exchange translation | **684** | (200) | **213** | (138) |
| At 31 December | **(7,464)** | (14,295) | **(18)** | (2,451) |
| **Contract Liabilities** | | | | |
| Contract liabilities relating to construction contracts | **(222,360)** | (249,714) | **(181)** | (352) |

## 14. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) The contract assets primarily relate to the Group's right to consideration for work completed on construction contracts but not yet billed as at the reporting date. This balance will be billed progressively in the future upon the fulfillment of contractual milestones.

(b) The contract liabilities primarily relate to advance billings to customers for construction services of which the revenue will be recognised over the remaining contract term of the specific contract in the subsequent periods.

(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| At 1 January | **(90,332)** | (87,008) | **816** | 1,005 |
| Revenue recognised in profit or loss during the financial year (Note 29)* | **1,082,392** | 1,465,805 | **20,470** | 30,371 |
| Billings to customers during the financial year | **(1,043,986)** | (1,475,314) | **(17,681)** | (32,453) |
| Changes due to contract modification | **2,220** | - | **2,220** | - |
| Reversal of impairment losses/ (Impairment losses) on contract assets (Note 30) | **3,927** | (9,946) | **-** | 1,232 |
| Foreign exchange adjustments | **(25,672)** | 16,131 | **(868)** | 661 |
| | **(71,451)** | (90,332) | **4,957** | 816 |
| Represented by:- | | | | |
| Contract assets | **150,909** | 159,382 | **5,138** | 1,168 |
| Contract liabilities | **(222,360)** | (249,714) | **(181)** | (352) |
| | **(71,451)** | (90,332) | **4,957** | 816 |

* - Included amount of approximately RM229,053,000 and RM307,000 (2023 - RM278,325,000 and RM1,761,000) of the Group and of the Company that were included in contract liabilities at the beginning of the financial year.

(d) Revenue expected to be recognised in the future relating to performance obligations that are partially or unsatisfied as at the reporting date is summarised below:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Within 1 year | **984,483** | 1,083,465 | **6,072** | 9,476 |
| Between 1 and 2 years | **81,938** | 107,059 | **192** | 1,150 |
| | **1,066,421** | 1,190,524 | **6,264** | 10,626 |





## 15. FIXED DEPOSITS WITH LICENSED BANKS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Effective interest rates (%) | **2.00 - 4.98** | 2.10 - 4.98 | **2.10 - 4.98** | 2.10 - 4.98 |
| Maturity periods (days) | **7 to 365** | 7 to 365 | **30 to 365** | 30 to 365 |

Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period were amounts of approximately RM24,424,000 and RM14,215,000 (2023 - RM24,068,000 and RM15,911,000) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 22 and 26 to the financial statements.

## 16. CASH AND BANK BALANCES

(a) Included in the cash and bank balances of the Group at the end of the reporting period was an amount of approximately RM6,323,000 (2023 - RM4,451,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 22 and 26 to the financial statements.

(b) Included in the cash and bank balances of the subsidiaries in the PRC which amounted to approximately RM15,885,000 (2023 - RM29,372,000) at the end of reporting period were denominated in Chinese Yuan which is not freely convertible in the international market. The remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

## 17. SHARE CAPITAL

| | The Group/The Company | | | |
|---|---|---|---|---|
| | 2024 Number Of Shares | 2023 Number Of Shares | 2024 RM'000 | 2023 RM'000 |
| **Issued And Fully Paid-Up** | | | | |
| Ordinary shares | | | | |
| At 1 January | **647,036,485** | 645,246,952 | **73,792** | 73,292 |
| Issuance of new shares for cash | **7,590,958** | - | **25,613** | - |
| New shares issued: | | | | |
| - ESS (Note 19(c)) | **2,953,150** | 1,776,200 | **802** | 482 |
| - Warrants (Note 19(d)) | **60,705,689** | 13,333 | **83,774** | 18 |
| At 31 December | **718,286,282** | 647,036,485 | **183,981** | 73,792 |

**17. SHARE CAPITAL (CONT'D)**

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) During the financial year, the Company increased its issued and paid-up share capital from RM73,792,409 to RM183,981,450 by:-

(i) the issuance of 7,590,958 new ordinary shares for cash consideration of RM3.3742 per ordinary share which amounted to RM25,613,410 for the purpose of acquiring the remaining 9.29% equity interest in AGSB.

(ii) the issuance of 2,953,150 new ordinary shares from the exercise of options under the Company's ESS amounted to RM801,780 which is the fair value of the share options measured at grant date; and

(iii) the issuance of 60,705,689 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 per warrant which amounted to RM83,773,851.

(c) In the previous financial year, the Company increased its issued and paid-up share capital from RM73,291,772 to RM73,792,409 by:-

(i) the issuance of 1,776,200 new ordinary shares from the exercise of options under the Company's ESS amounted to RM482,238 which is the fair value of the share options measured at grant date; and

(ii) the issuance of 13,333 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 per warrant which amounted to RM18,399.

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

**18. TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sales and issuance and distribution of treasury share dividend.

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 13 June 2017, granted their approval for the Company's plan to resale its own ordinary shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the resale plan can be applied in the best interests of the Company and its shareholders.

Of the total 718,286,282 (2023 - 647,036,485) issued and paid-up share capital at the end of the reporting period, 2,239,800 (2023 - 2,239,800) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold during the financial year.

The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 in Malaysia.

**19. RESERVES**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-distributable reserves:- | | | | | |
| Capital reserve | (a) | **40,314** | 38,427 | **-** | - |
| Exchange fluctuation reserve | (b) | **5,854** | 13,193 | **(315)** | (2,876) |
| Employees' share scheme reserve | (c) | **3,895** | 4,697 | **3,895** | 4,697 |
| | | **50,063** | 56,317 | **3,580** | 1,821 |
| Distributable reserve:- | | | | | |
| Retained profits | | **239,788** | 203,021 | **28,641** | 34,840 |
| | | **289,851** | 259,338 | **32,221** | 36,661 |

**(a) Capital Reserve**

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Capital reserve is represented by:- | | | | | |
| Non-distributable reserve funds by subsidiaries | (i) | **6,574** | 5,745 | **-** | - |
| Safety production reserve by a subsidiary | (ii) | **1,058** | - | **-** | - |
| Bonus shares issued by subsidiaries | | **32,682** | 32,682 | **-** | - |
| | | **40,314** | 38,427 | **-** | - |

(i) According to the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of a wholly-owned foreign subsidiary in the PRC, non-distributable reserve funds, which includes a general reserve fund and an enterprise expansion fund, should be appropriated from net profit of the subsidiary. The percentage of net profit to be appropriated to the non-distributable reserve funds is not less than 10% of the net profit. With the balance of the non-distributable reserve funds reaches 50% of the registered capital, such transfer does not need to be made.

The Board of Directors of the subsidiary determines the amount of the annual allocations to the non-distributable reserve funds. Such allocations are reflected in the subsidiary's statement of financial position under equity. The allocations will not be available for distribution to shareholders once allocated, but may be used to set off against losses or be converted into paid-up share capital.

(ii) The safety production reserve is the costs associated with maintaining and improving workplace safety. These expenses can include investments in safety equipment, training programs, compliance with safety regulations, and other related costs.

**(b) Exchange Fluctuation Reserve**

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries and a foreign branch whose functional currencies are different from the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**19. RESERVES (CONT'D)**

**(c) ESS Reserve**

The ESS reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

The ESS of the Company is governed by the ESS-By-Laws and was approved by shareholders at an Extraordinary General Meeting held on 31 May 2022. The ESS is to be in force for a period of 5 years effective from 6 July 2022. The main features of ESS are as follows:-

1. The ESS shall be in force for a period of five (5) years and may be extended by the Board at its absolute discretion, without having to obtain the approval of its shareholders, for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the effective date of implementation of the ESS, being the date of full compliance with all relevant provision of the Listing Requirements of Bursa Securities in relation to the ESS;

2. The maximum number of the Company's shares which may be made available under the ESS shall not be more than four percent (4%) of the issue shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the ESS.

   Notwithstanding the foregoing and subject to any applicable law, not more than 10% of the maximum Company's share available shall be allocated to any individual selected employee who, either individually or collectively through persons connected with the said selected employee, holds 20% or more of the issued shares of the Company;

3. Any employee of the Group or director of the Company who is at least 18 years of age and has been confirmed in service for regular full-time employment of any company within the Group shall be eligible to participate in the ESS;

4. The ESS shall be administered by the ESS Committee appointed by the board of directors to administer the ESS; and

5. All the new ordinary shares issued arising from the ESS shall rank equally in all respects with the existing ordinary shares of the Company.

The fair values of the share options granted were estimated using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used were as follows:-

| | The Group/ The Company |
|---|---|
| Share price on grant date (RM) | 1.12 |
| Exercise price (RM) | Not applicable* |
| Expected volatility (%) | 46.41 |
| Expected tenure (years) | 5 |
| Risk-free rate (%) | 3.84 |
| Expected dividend yield (%) | 1.79 |

** - Not applicable as the shares will be awarded upon vesting to the eligible employees without any cash consideration, upon achieving the applicable performance measurements.*



**19. RESERVES (CONT'D)**

**(c) ESS Reserve (Cont'd)**

During the financial year, the expenses recognised for employee services received were as follows:-

| | The Group 2024 RM'000 | The Company 2024 RM'000 |
|---|---|---|
| Backcharged of expenses arising from equity-settled share-based payment transaction | - | 349 |

During the financial year, the details in the movement of the options vested were as follows:-

| | At 1.1.2024 | Vested | At 31.12.2024 |
|---|---|---|---|
| ESS granted | 23,943,800 | (2,953,150) | 20,990,650 |

The Company offered 25,720,000 share options under the ESS on 7 July 2022. The ESS will mature and are exercisable if the employee has been confirmed in service for regular full-time employment of any entity within the Group when the performance conditions are met.

**(d) Warrant**

On 26 July 2021, the Company issued 214,333,821 warrants pursuant to bonus issue of warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every three (3) existing ordinary shares held in the Company.

The warrants are constituted under a Deed Poll dated 31 May 2021 and each warrant entitles the registered holder the right at any time during the exercise period from 26 July 2021 to 24 July 2026 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM1.38 each.

The details in the movement of the Company's Warrants 2021/2026 are as follows:-

| | | Entitlement for Ordinary Shares | | |
|---|---|---|---|---|
| | Exercise Price | At 1.1.2024 | Exercised | At 31.12.2024 |
| Warrant 2021/2026 | RM1.38 | 214,320,488 | (60,705,689) | 153,614,799 |

**19. RESERVES (CONT'D)**

**(d) Warrant (Cont'd)**

Salient features of the Warrants 2021/2026 are as follows:-

(i) Each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM1.38 each subject to adjustment in accordance with the conditions stipulated in the Deed Poll;

(ii) The warrants may be exercised at any time on or before the maturity date falling five years (2021/2026) from the date of issue of the warrants on 26 July 2021. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;

(iii) The new shares pursuant to the exercise of the warrants shall, upon allotment issue, rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividend, rights, allotments and/or any other forms of distributions that may be declared, made or paid to shareholders, the entitlement date of which is before the allotment and issuance of the new ordinary shares; and

(iv) The persons to whom the warrants have been granted have no rights to participate in any distribution and/or offer of further securities in the Company until/and unless warrants holders exercise their warrants for new ordinary shares.

**20. LEASE LIABILITIES**

| | The Group | |
|---|---|---|
| | **2024 RM'000** | **2023 RM'000** |
| At 1 January | **6,678** | 3,441 |
| Additions during the financial year (Note 37(b)) | **2,484** | 7,082 |
| Derecognition due to lease modification | **-** | (156) |
| Interest expense recognised in profit or loss (Note 31) | **177** | 189 |
| Repayment of principal | **(4,741)** | (3,901) |
| Repayment of interest expenses | **(177)** | (189) |
| Effect of foreign exchange translation | **(209)** | 212 |
| At 31 December | **4,212** | 6,678 |
| Analysed by:- | | |
| Current liabilities | **2,491** | 4,080 |
| Non-current liabilities | **1,721** | 2,598 |
| | **4,212** | 6,678 |





**21. HIRE PURCHASE PAYABLES**

| | The Group | |
|---|---|---|
| | **2024 RM'000** | **2023 RM'000** |
| Current liabilities (Note 26) | **1,809** | 1,505 |
| Non-current liabilities | **4,129** | 4,430 |
| | **5,938** | 5,935 |

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 6 to the financial statements.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 3.60% - 6.98% (2023 - 3.60% to 6.98%). The interest rates are fixed at the inception of the hire purchase arrangements.

**22. TERM LOANS**

| | The Group | |
|---|---|---|
| | **2024 RM'000** | **2023 RM'000** |
| Current liabilities (Note 26) | **11,053** | 18,300 |
| Non-current liabilities | **74,531** | 55,617 |
| | **85,584** | 73,917 |

(a) The term loans are secured by:-

i. a first party charge over the freehold land, building and machinery and capital work-in-progress of the Group as disclosed in Note 6 to the financial statements;
ii. fixed deposits and bank balances with licensed banks of the Group and of the Company as disclosed in Notes 15 and 16 to the financial statements;
iii. an assignment of contractual proceeds;
iv. a corporate guarantee of the Company;
v. letter of undertaking of the Company and of a subsidiary; and
vi. specific debentures on assets which are movable tanks.

(b) The interest rate profile of the term loans are summarised below:-

| | Effective Interest Rate | | The Group | |
|---|---|---|---|---|
| | **2024 %** | **2023 %** | **2024 RM'000** | **2023 RM'000** |
| Floating rate term loans | **4.64 - 5.79** | 4.84 - 6.25 | **85,584** | 73,917 |

(c) Term loans are secured by a negative pledge that imposes certain covenants on the subsidiaries that have received those loans. The significant covenant of the term loans is gearing ratio shall not be more than 2 times.

The Group has complied with the covenants throughout the reporting periods.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

## 23. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 7 to 90 (2023 - 7 to 90) days.

## 24. OTHER PAYABLES AND ACCRUALS

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Other payables:- | | | | | |
| Third parties | | **1,410** | 1,239 | **196** | 29 |
| Advances received from customers | | **405** | 52 | **-** | - |
| Unpaid balance for acquisition of property, plant and equipment | (i) | **2,209** | 1,896 | **-** | - |
| Unpaid balance for addition of right-of-use assets | | **437** | - | **-** | - |
| GST payables | | **7,532** | 3,154 | **-** | - |
| | | **11,993** | 6,341 | **196** | 29 |
| Accruals | | **44,839** | 44,344 | **10,039** | 10,521 |
| | | **56,832** | 50,685 | **10,235** | 10,550 |

(i) The details movement on unpaid balance for acquisition of property, plant and equipment are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| At January | **1,896** | 5,949 | **-** | - |
| Additions during the year (Note 37(a)) | **1,653** | 1,896 | **-** | - |
| Payments in respect of previous financial year's purchases (Note 37(a)) | **(1,324)** | (5,949) | **-** | - |
| Exchange fluctuation differences | **(16)** | - | **-** | - |
| At 31 December | **2,209** | 1,896 | **-** | - |

## 25. PROVISIONS

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Provision for foreseeable losses | (i) | **-** | 329 | **-** | 329 |
| Provision for warranty costs | (ii) | **607** | 848 | **14** | 15 |
| Provision for restoration costs | (iii) | **168** | 178 | **-** | - |
| | | **775** | 1,355 | **14** | 344 |





## 25. PROVISIONS (CONT'D)

| | Note | The Group 2024 RM'000 | The Group 2023 RM'000 | The Company 2024 RM'000 | The Company 2023 RM'000 |
|---|---|---|---|---|---|
| Provision for foreseeable losses:- | (i) | | | | |
| At 1 January | | **329** | - | **329** | - |
| Addition during the financial year | | **-** | 323 | **-** | 323 |
| Utilised during the financial year | | **(312)** | - | **(312)** | - |
| Effect of foreign exchange translation | | **(17)** | 6 | **(17)** | 6 |
| At 31 December | (a) | **-** | 329 | **-** | 329 |
| Provision for warranty costs:- | (ii) | | | | |
| At 1 January | | **848** | 628 | **15** | 97 |
| Addition during the financial year | | **531** | 844 | **32** | 110 |
| Utilised during the financial year | | **(32)** | (95) | **(32)** | (95) |
| Reversal during the financial year | | **(734)** | (534) | **-** | (99) |
| Effect of foreign exchange translation | | **(6)** | 5 | **(1)** | 2 |
| At 31 December | (b) | **607** | 848 | **14** | 15 |
| Provision for restoration costs:- | (iii) | | | | |
| At 1 January | | **178** | 200 | **-** | - |
| Utilised during the financial year | | **-** | (35) | **-** | - |
| Effect of foreign exchange translation | | **(10)** | 13 | **-** | - |
| At 31 December | (c) | **168** | 178 | **-** | - |
| | | **775** | 1,355 | **14** | 344 |

(a) Provision for foreseeable losses is recognised for possible future losses arising from the current on-going projects.

(b) Provision for warranty costs is recognised for expected claims on the contract revenue during the financial year that is based on past experience of the level of repairs. It is expected that most of these costs will be incurred in the next financial year.

(c) Under lease arrangement, the Group has an obligation to dismantle and remove structures on office premises and restore those office premises at the end of the lease terms to an acceptable condition consistent with the lease arrangement.

The provisions are estimated using the assumption that removal and restoration will only take place upon expiry of the lease terms of 2 (2023 - 2) years. The discount rate used to determine the obligation as at the reporting date was 3.05% (2023 - 3.05%).

While the provisions are based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

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## 26. SHORT-TERM BORROWINGS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Term loans (Note 22) | **11,053** | 18,300 | **-** | - |
| Hire purchase payables (Note 21) | **1,809** | 1,505 | **-** | - |
| Invoice financing | **54,514** | 43,519 | **-** | - |
| Trust receipts | **5,549** | 29,667 | **-** | - |
| Revolving credits | **29,472** | 26,250 | **2,180** | 12,000 |
| | **102,397** | 119,241 | **2,180** | 12,000 |

(a) The invoice financing, trust receipts and revolving credits of the Group and of the Company bore the following effective interest rates as at the end of the reporting period:-

| | | Effective Interest Rate | | | |
|---|---|---|---|---|---|
| | | The Group | | The Company | |
| | Interest Rate | 2024 % | 2023 % | 2024 % | 2023 % |
| Invoice financing | Floating | **4.55** | 3.95 - 5.45 | **-** | - |
| Trust receipts | Floating | **4.04 - 4.09** | 4.04 - 7.49 | **-** | - |
| Revolving credits | Floating | **3.10 - 6.23** | 4.22 - 6.27 | **4.83** | 4.22 - 5.07 |

(b) The invoice financing, trust receipts and revolving credits are secured by:-

i. fixed deposits and bank balances of the Group and of the Company as disclosed in Notes 15 and 16 to the financial statements;
ii. corporate guarantee of the Company and of a subsidiary;
iii. a letter of undertaking of the Company and of a subsidiary;
iv. a first party charge over the freehold land, building and capital work-in-progress of the Group as disclosed in Note 6 to the financial statements;
v. negative pledge of its subsidiaries; and
vi. specific debentures on assets which are movable tanks as disclosed in Note 6 to the financial statements.

(c) The major covenants of the invoice financing, trust receipts and revolving credits are as follows:

i. gearing ratio of subsidiaries shall not be more than a range of 2.5 to 3.5 times;
ii. debt ratio of a subsidiary shall not be more than 0.7 times;
iii. contingent liabilities of a subsidiary below 30% of its total liabilities; and
iv. negative operating cash flows of a subsidiary for not more than 2 years continuously.

The Group has complied with the covenants throughout the reporting periods.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

## 27. BANK OVERDRAFTS

(a) The bank overdrafts of the Group are secured by:-

i. a letter of undertaking; and
ii. a corporate guarantee of the Company.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rate of 7.60% (2023 - 4.30% to 6.60%) per annum.



## 27. BANK OVERDRAFTS (CONT'D)

(c) The major covenants of the bank overdraft are as follows:

i. a subsidiary's gearing ratio shall not be more than 2 times; and
ii. a subsidiary's interest cover shall maintain at least 1.25 times.

The Group has complied with the covenants throughout the reporting periods.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

## 28. DERIVATIVE LIABILITIES

| | Contract/Notional Amount | | The Group | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Forward currency contracts | **-** | 23,307 | **-** | 434 |

The Group classified derivative financial instruments as financial liabilities at fair value through profit or loss. None of the derivatives are designated as hedges as the Group does not apply hedge accounting.

## 29. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Revenue from contracts with customers** | | | | |
| Recognised over time | | | | |
| Contract revenue (Note 14) | **1,082,392** | 1,465,805 | **20,470** | 30,371 |
| Sales of services: | | | | |
| - Facility fee | **18,037** | 9,899 | **-** | - |
| - Leasing of tanks | **367** | 530 | **-** | - |
| - Maintenance income | **18,108** | 8,225 | **-** | - |
| | **1,118,904** | 1,484,459 | **20,470** | 30,371 |
| Recognised at a point in time | | | | |
| Sale of goods | **153,265** | 129,463 | **2,547** | 1,750 |
| Laboratory testing services | **-** | 527 | **-** | - |
| | **153,265** | 129,990 | **2,547** | 1,750 |
| **Revenue from other sources** | | | | |
| Dividend income | **-** | - | **56,035** | 30,345 |
| Management fees | **-** | - | **7,978** | 8,061 |
| | **-** | - | **64,013** | 38,406 |
| | **1,272,169** | 1,614,449 | **87,030** | 70,527 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**29. REVENUE (CONT'D)**

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 40.2 to the financial statements.

(b) The information about the performance obligations in contracts with customers is summarised below:-

| Nature of Goods or Services | Timing and Method of Revenue Recognition | Significant Payment Terms | Variable Considerations | Warranty and Obligation for Returns or Refunds |
|---|---|---|---|---|
| Contract revenue | When services are rendered using the cost incurred method. | Based on agreed milestones. The credit period ranging from 30 to 120 days from the invoice date. | Contract stipulates a predetermined rate for late penalty charges, which is capped at a specified amount. | Defect liability period ranges from 1 to 2 years are given to customers. |
| Facility fee and leasing of tanks | Straight-line method over the period of service. | Credit periods ranging from 30 to 90 days from the invoice date. | Discounts are given when customers pay within 14 days from the invoice date. | Not applicable. |
| Sales of goods | When the goods are delivered and accepted by customers. | Credit periods ranging from 7 to 120 days from the invoice date. | Not applicable. | Not applicable. |
| Laboratory testing services | When the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers. | Credit periods ranging from 14 to 30 days from the invoice date. | Not applicable. | Not applicable. |
| Maintenance income | When the services have been rendered to the customers. | Based on agreed milestones. The credit period ranging from 30 to 120 days from the invoice date. | Not applicable. | Not applicable. |

(c) The information of the revenue from other sources is summarised below:-

Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

Management Fees

Management fees are recognised in the period in which the services are rendered.

**30. NET (REVERSAL OF IMPAIRMENT LOSSES)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Impairment losses: | | | | |
| - Trade receivables (Note 12) | **3,568** | 743 | **1,399** | - |
| - Contract assets (Note 14) | **-** | 11,183 | **-** | - |
| Reversal of impairment losses: | | | | |
| - Trade receivables (Note 12) | **(1,947)** | (935) | **-** | (549) |
| - Contract assets (Note 14) | **(3,927)** | (1,237) | **-** | (1,232) |
| | **(2,306)** | 9,754 | **1,399** | (1,781) |

**31. PROFIT BEFORE TAXATION**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit before taxation is arrived at after charging/(crediting):- | | | | |
| Auditors' remuneration: | | | | |
| - audit fees: | | | | |
| - Crowe Malaysia PLT: | | | | |
| - statutory audit for the financial year | **392** | 333 | **167** | 144 |
| - underprovision in the previous financial year | **83** | 75 | **22** | 19 |
| - other auditors: | | | | |
| - statutory audit for the financial year | **385** | 319 | **57** | 51 |
| - underprovision in the previous financial year | **3** | - | **-** | - |
| - non-audit fees: | | | | |
| - Crowe Malaysia PLT | **6** | 7 | **6** | 7 |
| Directors' remuneration (Note 38(a)) | **10,240** | 13,033 | **5,305** | 9,364 |

## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 31. PROFIT BEFORE TAXATION (CONT'D)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit before taxation is arrived at after charging/(crediting) (Cont'd):- | | | | |
| **Material Expenses/(Income)** | | | | |
| Depreciation of property, plant and equipment | **9,947** | 7,134 | **303** | 240 |
| Depreciation of right-of-use assets | **4,789** | 3,888 | **-** | - |
| Freight charges | **11,829** | 10,467 | **-** | - |
| Hired transport cost | **11,744** | 9,313 | **-** | - |
| Electricity charges | **10,219** | 7,602 | **-** | - |
| Interest expense on financial liabilities that are not at fair value through profit or loss: | | | | |
| - bank overdrafts | **133** | 34 | **75** | - |
| - invoice financing | **2,574** | 2,577 | **-** | 76 |
| - hire purchase payables | **428** | 280 | **-** | - |
| - revolving credits | **1,366** | 1,038 | **263** | 534 |
| - term loans | **4,262** | 2,802 | **-** | - |
| - trust receipts | **450** | 3,975 | **-** | - |
| Interest expense on lease liabilities | **177** | 189 | **-** | - |
| Lease expenses: | | | | |
| - short-term leases | **10,721** | 11,261 | **304** | 243 |
| - low-value assets | **3,637** | 26 | **69** | - |
| (Gain)/Loss on foreign exchange: | | (1,623) | **(480)** | 358 |
| - realised | **(762)** | 2,814 | **35** | (480) |
| - unrealised | **3,479** | 18 | **3,580** | (1,634) |
| Staff costs: | | | | |
| - salaries, wages, bonuses, allowances and others | **115,500** | 107,196 | **3,946** | 3,898 |
| - defined contribution plan | **10,365** | 10,268 | **151** | 159 |
| - share-based payments | **-** | 3,538 | **(349)** | 1,697 |
| Fair value loss/(gain) on financial liabilities measured at fair value through profit or loss mandatorily: | | | | |
| - derivatives | **889** | (2,568) | **-** | - |
| Interest income on financial assets measured at amortised cost: | | | | |
| - financial institutions | **(5,946)** | (2,463) | **(1,427)** | (573) |
| - subsidiaries | **-** | - | **(1,788)** | (1,512) |

### 32. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Current tax: | | | | |
| - Malaysian tax | **16,131** | 15,571 | **984** | 498 |
| - Foreign tax | **12,542** | 9,896 | **-** | - |
| | **28,673** | 25,467 | **984** | 498 |
| (Over)/Underprovision in the previous financial year: | | | | |
| - Malaysian tax | **(220)** | (77) | **329** | 61 |
| - Foreign tax | **(391)** | (112) | **-** | - |
| | **(611)** | (189) | **329** | 61 |
| | **28,062** | 25,278 | **1,313** | 559 |
| Deferred tax (Note 10): | | | | |
| - Origination and reversal of temporary differences | **3,765** | 2,809 | **-** | - |
| - Under/(Over)provision in the previous financial year | **188** | (202) | **-** | - |
| | **3,953** | 2,607 | **-** | - |
| Total income tax expense | **32,015** | 27,885 | **1,313** | 559 |

### 32. INCOME TAX EXPENSE (CONT'D)

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit before taxation | **158,771** | 133,903 | **53,266** | 31,594 |
| Tax at Malaysian statutory tax rate of 24% (2023 - 24%) | **38,105** | 32,137 | **12,784** | 7,582 |
| Tax effects of:- | | | | |
| Differential in tax rates | **(6,007)** | (4,439) | **(94)** | (62) |
| Non-deductible expenses | **4,120** | 4,238 | **1,798** | 386 |
| Tax-exempt income | **(2,113)** | (1,347) | **-** | - |
| Non-taxable income | **(1,638)** | (1,303) | **(13,448)** | (7,858) |
| (Over)/Underprovision in the previous financial year: | | | | |
| - current tax | **(611)** | (189) | **329** | 61 |
| - deferred tax | **188** | (202) | **-** | - |
| Deferred tax assets not recognised during the current financial year | **417** | 1,580 | **417** | 1,189 |
| Utilisation of deferred tax assets not recognised in the previous financial year | **(1,106)** | (929) | **(451)** | (396) |
| Others | **660** | (1,661) | **(22)** | (343) |
| Income tax expense for the financial year | **32,015** | 27,885 | **1,313** | 559 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.





### 33. EARNINGS PER SHARE

| | The Group | |
|---|---|---|
| | 2024 | 2023 |
| Profit attributable to owners of the Company (RM'000) | **124,349** | 104,135 |
| Number of shares in issue as of 1 January | **647,036,485** | 645,246,952 |
| Effects through: | | |
| - ESS vested | **1,429,958** | 880,801 |
| - warrants exercised | **27,783,877** | 329 |
| - issuance of new ordinary shares | **850,353** | - |
| - treasury shares | **(2,239,800)** | (2,239,800) |
| Weighted average number of ordinary shares for basic earnings per share computation | **674,860,873** | 643,888,282 |
| Effect of dilution - ESS | **21,281,900** | 1,979,624 |
| Effect of dilution - Warrants | **83,122,135** | 21,203,707 |
| Weighted average number of ordinary shares for diluted earnings per share computation | **779,264,908** | 667,071,613 |
| Basic earnings per ordinary share attributable to owners of the Company (sen) | **18.43** | 16.17 |
| Diluted earnings per ordinary share attributable to owners of the Company (sen) | **15.96** | 15.61 |

(a) The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

(b) The diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares.

### 34. ACQUISITION OF NON-CONTROLLING INTERESTS (CONT'D)

(a) On 19 November 2024, the Company acquired the remaining 9.29% equity interests in AGSB for a purchase consideration of RM35,692,893, increasing its ownership from 90.71% to 100%. The acquisition was satisfied via cash consideration of RM10,079,482 and the issuance of 7,590,958 new ordinary shares of the Company.

The carrying amount of AGSB's net assets in the Group financial statements on that date was RM86,204,899. The Group recognised a decrease in non-controlling interests of RM8,150,359 and a decrease in retained profits of RM27,542,533.

| | 2024 RM'000 |
|---|---|
| Equity interest at 1 January | **5,759** |
| Effect of increase in the Company's ownership interest | **(8,150)** |
| Share of profits up to date of disposal | **2,391** |
| Equity interest at 31 December | **-** |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 34. ACQUISITION OF NON-CONTROLLING INTERESTS (CONT'D)

(b) In the previous financial year:-

(i) the Company acquired an additional 18% equity interests in CLSB for a cash consideration of RM100,008, increasing its ownership from 82% to 100%.

The carrying amount of CLSB's net assets in the Group financial statements on that date was RM469,389. The Group recognised a decrease in non-controlling interests of RM84,490 and a decrease in retained profits of RM15,518.

(ii) On 22 May 2023, the Company through its subsidiary, AGSB acquired remaining 10% equity interests in AGMS for SGD3,000, equivalent to RM10,214 in cash, increasing its ownership from 90% to 100%.

The carrying amount of AGMS's net assets in the Group financial statements on that date was RM4,498,949. The Group recognised a decrease in non-controlling interests of RM426,825 and an increase in retained profits of RM439,681.

(iii) On 1 June 2023, the Company through its subsidiary, AGSB acquired remaining 20% equity interests in AGMSB for a consideration of RM5,192,700 which was satisfied through the issuance of 1,822,000 new ordinary shares of AGSB.

The carrying amount of AGMSB's net assets in the Group financial statements on that date was RM14,173,087. The Group recognised a decrease in non-controlling interests of RM2,833,490 and a decrease in retained profits of RM2,359,210.

(iv) The following summarises the effect of changes in the equity interests in CLSB, AGMS and AGMSB that is attributable to the owners of the Company:-

| | (i) CLSB 2023 RM'000 | (ii) AGMS 2023 RM'000 | (iii) AGMSB 2023 RM'000 | Total 2023 RM'000 |
|---|---|---|---|---|
| Equity interest at 1 January | **79** | **244** | **2,011** | **2,334** |
| Effect of increase in the Company's ownership interest | **(84)** | **(427)** | **(2,833)** | **(3,344)** |
| Share of profits up to date of disposal | **5** | **183** | **822** | **1,010** |
| Equity interest at 31 December | **-** | **-** | **-** | **-** |

### 35. DISPOSAL OF SUBSIDIARIES

(a) In the previous financial year, on 4 October 2023, the Company disposed of its entire equity interest in KASSB for a total consideration of RM220,000.

The financial effects of the disposal at the date of disposal are summarised below:-

| | The Group 2023 RM'000 | The Company 2023 RM'000 |
|---|---|---|
| Investment in a subsidiary | - | 220 |
| Property, plant and equipment | 35 | - |
| Goodwill | 30 | - |
| Trade and other receivables | 208 | - |
| Current tax assets | 23 | - |
| Cash and bank balances | 285 | - |
| Trade and other payables | (140) | - |
| Non-controlling interests | (185) | - |
| Carrying amount of net assets disposed of | 256 | 220 |
| Loss on disposal of a subsidiary | (36) | - |
| Consideration received, satisfied in cash | 220 | 220 |
| Less: Cash and bank balances of a subsidiary disposed of | (285) | - |
| Net cash (outflow)/inflow from the disposal of subsidiary | (65) | 220 |

(b) In the previous financial year, on 23 November 2023, the Company has entered into an internal restructuring with its subsidiary, AGSB, to dispose the entire equity interest in CLSB for a cash consideration of RM740,192.

The financial effects of the disposal at the date of disposal are summarised below:-

| | The Company 2023 RM'000 |
|---|---|
| Investment in a subsidiary | 100 |
| Loss on disposal of a subsidiary | 640 |
| Consideration received/Net cash inflow from the disposal of subsidiary | 740 |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 36. DIVIDENDS

| | The Group/The Company | |
|---|---|---|
| | 2024 RM'000 | 2023 RM'000 |
| **Ordinary Shares** | | |
| Interim dividend of 1.50 sen per ordinary share in respect of the financial year ended 31 December 2022 | - | 9,645 |
| Interim dividend of 1.50 sen per ordinary share in respect of the financial year ended 31 December 2023 | - | 9,672 |
| Interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2023 | **16,606** | - |
| Interim dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2024 | **13,482** | - |
| Interim dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2024 | **13,767** | - |
| Interim dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2024 | **14,297** | - |
| | **58,152** | 19,317 |

## 37. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Property, plant and equipment** | | | | |
| Cost of property, plant and equipment purchased (Note 6) | **50,921** | 70,010 | **666** | 86 |
| Less: Acquired through hire purchase arrangements | **(2,100)** | (4,400) | **-** | - |
| Less: Capitalisation of interest charges of term loans | **-** | (512) | **-** | - |
| Less: Other payables - balances remained unpaid at financial year end | **(1,653)** | (1,896) | **-** | - |
| Add: Payments in respect of previous financial year's purchases | **1,324** | 5,949 | **-** | - |
| Add: Exchange fluctuation differences | **16** | 19 | **-** | - |
| | **48,508** | 69,170 | **666** | 86 |
| **Right-of-use assets** | | | | |
| Cost of right-of-use assets acquired (Note 7) | **3,212** | 7,082 | **-** | - |
| Less: New lease liabilities (Note (b) below) | **(2,484)** | (7,082) | **-** | - |
| Less: Other payables - balances remained unpaid at financial year end | **(437)** | - | **-** | - |
| | **291** | - | **-** | - |

## 37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

| | Lease Liabilities RM'000 | Hire Purchase Payables RM'000 | Invoice Financing RM'000 | Revolving Credits RM'000 | Term Loans RM'000 | Trust Receipts RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | |
| **2024** | | | | | | | |
| At 1 January | **6,678** | **5,935** | **43,519** | **26,250** | **73,917** | **29,667** | **185,966** |
| Changes in Financing Cash Flows | | | | | | | |
| Proceeds from drawdown | **-** | **-** | **77,118** | **32,472** | **30,036** | **12,476** | **152,052** |
| Repayment of principal | **(4,741)** | **(2,026)** | **(63,993)** | **(29,250)** | **(18,178)** | **(35,173)** | **(153,361)** |
| Repayment of interests | **(177)** | **(428)** | **(2,497)** | **(1,358)** | **(4,262)** | **(450)** | **(9,172)** |
| | **(4,918)** | **(2,454)** | **10,628** | **1,864** | **7,596** | **(23,197)** | **(10,481)** |
| Other Changes | | | | | | | |
| Additions (Note (a) above) | **2,484** | **2,100** | **-** | **-** | **-** | **-** | **4,584** |
| Accrued interest | **-** | **-** | **-** | **(8)** | **-** | **-** | **(8)** |
| Interest expense recognised in profit or loss | **177** | **428** | **2,574** | **1,366** | **4,262** | **450** | **9,257** |
| Foreign exchange adjustments | **(209)** | **(71)** | **(2,207)** | **-** | **(191)** | **(1,371)** | **(4,049)** |
| | **2,452** | **2,457** | **367** | **1,358** | **4,071** | **(921)** | **9,784** |
| At 31 December | **4,212** | **5,938** | **54,514** | **29,472** | **85,584** | **5,549** | **185,269** |

## 37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

| | Lease Liabilities RM'000 | Hire Purchase Payables RM'000 | Invoice Financing RM'000 | Revolving Credits RM'000 | Term Loans RM'000 | Trust Receipts RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| **The Group** | | | | | | | |
| **2023** | | | | | | | |
| At 1 January | 3,441 | 3,251 | 52,275 | 14,619 | 49,150 | 121,050 | 243,786 |
| Changes in Financing Cash Flows | | | | | | | |
| Proceeds from drawdown | - | - | 87,732 | 26,419 | 45,152 | 36,383 | 195,686 |
| Repayment of principal | (3,901) | (1,741) | (97,798) | (14,889) | (20,825) | (131,932) | (271,086) |
| Repayment of interests | (189) | (280) | (2,349) | (1,038) | (3,314) | (4,310) | (11,480) |
| | (4,090) | (2,021) | (12,415) | 10,492 | 21,013 | (99,859) | (86,880) |
| Other Changes | | | | | | | |
| Additions (Note (a) above) | 7,082 | 4,400 | - | - | - | - | 11,482 |
| Accrued interest | - | - | - | - | - | (654) | (654) |
| Modification of lease | (156) | - | - | - | - | - | (156) |
| Interest expense recognised in profit or loss | 189 | 280 | 2,577 | 1,038 | 2,802 | 3,975 | 10,861 |
| Interest expense capitalised under capital work-in-progress | - | - | - | - | 512 | - | 512 |
| Foreign exchange adjustments | 212 | 25 | 1,082 | 101 | 440 | 5,155 | 7,015 |
| | 7,327 | 4,705 | 3,659 | 1,139 | 3,754 | 8,476 | 29,060 |
| At 31 December | 6,678 | 5,935 | 43,519 | 26,250 | 73,917 | 29,667 | 185,966 |





## 37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

| | Invoice Financing RM'000 | Revolving Credits RM'000 | Total RM'000 |
|---|---|---|---|
| **The Company** | | | |
| **2024** | | | |
| At 1 January | **-** | **12,000** | **12,000** |
| Changes in Financing Cash Flows | | | |
| Proceeds from drawdown | **-** | **8,180** | **8,180** |
| Repayment of principal | **-** | **(18,000)** | **(18,000)** |
| Repayment of interests | **-** | **(259)** | **(259)** |
| | **-** | **(10,079)** | **(10,079)** |
| Other Changes | | | |
| Interest expense recognised in profit or loss | **-** | **263** | **263** |
| Accrued interest | **-** | **(4)** | **(4)** |
| Foreign exchange adjustments | **-** | **-** | **-** |
| | **-** | **259** | **259** |
| At 31 December | **-** | **2,180** | **2,180** |
| **2023** | | | |
| At 1 January | - | 12,000 | 12,000 |
| Changes in Financing Cash Flows | | | |
| Proceeds from drawdown | 2,389 | - | 2,389 |
| Repayment of principal | (2,389) | - | (2,389) |
| Repayment of interests | (76) | (534) | (610) |
| | (76) | (534) | (610) |
| Other Changes | | | |
| Interest expense recognised in profit or loss | 76 | 534 | 610 |
| At 31 December | - | 12,000 | 12,000 |

## 37. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Fixed deposits with licensed banks | **210,136** | 36,129 | **58,540** | 18,911 |
| Cash and bank balances | **202,978** | 233,132 | **36,003** | 23,904 |
| Bank overdrafts | **(10)** | (2,246) | **-** | - |
| | **413,104** | 267,015 | **94,543** | 42,815 |
| Less: Fixed deposits pledged to licensed banks (Note 15) | **(24,424)** | (24,068) | **(14,215)** | (15,911) |
| Less: Bank balance pledged to a licensed bank (Note 16) | **(6,323)** | (4,451) | **-** | - |
| Less: Fixed deposits with tenure of more than 3 months | **(24,923)** | (1,174) | **(10,000)** | - |
| | **357,434** | 237,322 | **70,328** | 26,904 |

(d) The total cash outflows for leases as a lessee are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Payment of short-term leases | **10,721** | 11,261 | **304** | 243 |
| Payment of low-value assets | **3,637** | 26 | **69** | - |
| Interest paid on lease liabilities | **177** | 189 | **-** | - |
| Payment of lease liabilities | **4,741** | 3,901 | **-** | - |
| | **19,276** | 15,377 | **373** | 243 |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

## 38. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| (a) Directors of the Company:- | | | | |
| Short-term employee benefits: | | | | |
| - fee | **303** | 282 | **303** | 282 |
| - salaries, bonuses and other benefits | **8,265** | 5,927 | **3,519** | 3,005 |
| Defined contribution benefits | **408** | 351 | **219** | 187 |
| Retirement gratuity fee | **1,264** | 5,466 | **1,264** | 5,466 |
| Share-based payments | **-** | 1,007 | **-** | 424 |
| | **10,240** | 13,033 | **5,305** | 9,364 |

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Group and of the Company were RM323,529 and RM56,000 (2023 - RM84,000 and RM56,000) respectively.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| (b) Other key management personnel:- | | | | |
| Short-term employee benefits: | | | | |
| - salaries, bonuses and other benefits | **7,676** | 7,459 | **1,089** | 1,062 |
| Defined contribution benefits | **349** | 330 | **65** | 62 |
| Share-based payments | **-** | 495 | **-** | 141 |
| | **8,025** | 8,284 | **1,154** | 1,265 |

## 39. RELATED PARTY DISCLOSURES

(a) Subsidiaries

Details of the subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

| | The Company | |
|---|---|---|
| | 2024 RM'000 | 2023 RM'000 |
| Dividends from subsidiaries | **56,035** | 30,345 |
| Management fees from subsidiaries | **7,978** | 8,061 |
| Interest charged to subsidiaries | **1,789** | 1,512 |
| Rental charged to subsidiaries | **204** | 231 |
| Advances to subsidiaries | **7,000** | 8,502 |

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

## 40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main reportable segments as follows:-

(i) Service segment - involved in the provision of scientific and technical research, laboratory testing service and experiments;

(ii) Investment holding - involved in group-level corporate services;

(iii) Manufacturing, trading and rental segment - involved in the manufacturing and trading of industrial and specialty gases, equipment and materials, facility fee and leasing of tanks; and

(iv) Construction segment - involved in the provision of engineering services and construction.

The Group Executive Committee (the chief operating decision maker) review internal management report at least on a quarterly basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Income taxes were managed on a group basis and were not allocated to operating segments.

Assets, liabilities, and expenses which were common and cannot be meaningfully allocated to the operating segments were presented under unallocated items. Unallocated items comprise mainly current tax assets, current tax liabilities, deferred tax assets and deferred tax liabilities.



## 40. OPERATING SEGMENTS (CONT'D)

The Group is organised into following geographical segments:
- Malaysia
- Singapore
- PRC
- Others

### 40.1 BUSINESS SEGMENTS

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **Revenue** | | | | | |
| External revenue | - | - | 171,669 | 1,100,500 | 1,272,169 |
| Inter-segment revenue | - | 64,336 | 56,237 | 8,143 | 128,716 |
| | - | 64,336 | 227,906 | 1,108,643 | 1,400,885 |
| Adjustments and eliminations | | | | | (128,716) |
| | | | | | 1,272,169 |
| Represented by:- | | | | | |
| **Revenue from contracts with customers** | | | | | |
| Revenue recognised at a point of time | | | | | |
| - Sale of goods | - | - | 209,502 | - | 209,502 |
| Revenue recognised over time | | | | | |
| - Contract revenue | - | - | - | 1,090,535 | 1,090,535 |
| - Facility fee | - | - | 18,037 | - | 18,037 |
| - Leasing of tanks | - | - | 367 | - | 367 |
| - Maintenance income | - | - | - | 18,108 | 18,108 |
| **Revenue from other sources** | | | | | |
| - Dividend income | - | 56,035 | - | - | 56,035 |
| - Management fee | - | 8,301 | - | - | 8,301 |
| | - | 64,336 | 227,906 | 1,108,643 | 1,400,885 |
| Adjustments and eliminations | | | | | (128,716) |
| | | | | | 1,272,169 |

**40. OPERATING SEGMENTS (CONT'D)**

**40.1 BUSINESS SEGMENTS (CONT'D)**

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **Results** | | | | | |
| Segment profit before interest and taxation | - | 51,511 | 47,015 | 119,429 | 217,955 |
| Interest income | | | | | 5,946 |
| Finance costs | | | | | (9,402) |
| | | | | | 214,499 |
| Adjustments and eliminations | | | | | (55,728) |
| Consolidated profit before taxation | | | | | 158,771 |
| Income tax expense | | | | | (32,015) |
| Consolidated profit after taxation | | | | | 126,756 |
| Segment profit includes the following:- | | | | | |
| Interest income | - | 1,419 | 630 | 3,897 | 5,946 |
| Finance costs | - | (295) | (6,052) | (3,055) | (9,402) |
| Unrealised (loss)/gain on foreign exchange | - | (1,819) | 944 | (2,604) | (3,479) |
| Loss on disposal of property, plant and equipment | - | - | - | (3) | (3) |
| Net (impairment losses)/reversal of impairment losses on financial assets and contract assets | - | - | (854) | 3,160 | 2,306 |
| Depreciation of property, plant and equipment | - | (286) | (6,470) | (3,191) | (9,947) |
| Depreciation of right-of-use assets | - | - | (2,075) | (2,714) | (4,789) |
| Fair value loss on derivatives | - | - | - | (889) | (889) |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**40. OPERATING SEGMENTS (CONT'D)**

**40.1 BUSINESS SEGMENTS (CONT'D)**

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| **Assets** | | | | | |
| Segment assets | - | 224,093 | 308,227 | 752,349 | 1,284,669 |
| Unallocated assets: | | | | | |
| - Current tax assets | | | | | 1,790 |
| - Deferred tax assets | | | | | 2,280 |
| Adjustments and eliminations | | | | | (138,554) |
| | | | | | 1,150,185 |
| Additions to non-current assets other than financial instruments and deferred tax assets are: | | | | | |
| - Property, plant and equipment | - | 666 | 45,494 | 4,761 | 50,921 |
| - Right-of-use assets | - | - | 2,011 | 1,201 | 3,212 |
| **Liabilities** | | | | | |
| Segment liabilities | - | 9,660 | 204,443 | 490,728 | 704,831 |
| Unallocated liabilities: | | | | | |
| - Current tax liabilities | | | | | 11,710 |
| - Deferred tax liabilities | | | | | 10,902 |
| Adjustments and eliminations | | | | | (50,607) |
| | | | | | 676,836 |

## 40. OPERATING SEGMENTS (CONT'D)

### 40.1 BUSINESS SEGMENTS (CONT'D)

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Revenue** | | | | | |
| External revenue | 527 | - | 139,822 | 1,474,030 | 1,614,449 |
| Inter-segment revenue | - | 38,847 | 103,722 | 11,222 | 153,791 |
| | 527 | 38,847 | 243,614 | 1,485,252 | 1,768,240 |
| Adjustments and eliminations | | | | | (153,791) |
| | | | | | 1,614,449 |
| Represented by:- | | | | | |
| **Revenue from contracts with customers** | | | | | |
| Revenue recognised at a point of time | | | | | |
| - Sale of goods | - | - | 233,185 | - | 233,185 |
| - Laboratory testing services | 527 | - | - | - | 527 |
| Revenue recognised over time | | | | | |
| - Contract revenue | - | - | - | 1,477,027 | 1,477,027 |
| - Facility fee | - | - | 9,899 | - | 9,899 |
| - Leasing of tanks | - | - | 530 | - | 530 |
| - Maintenance income | - | - | - | 8,225 | 8,225 |
| **Revenue from other sources** | | | | | |
| - Dividend income | - | 30,345 | - | - | 30,345 |
| - Management fee | - | 8,502 | - | - | 8,502 |
| | 527 | 38,847 | 243,614 | 1,485,252 | 1,768,240 |
| Adjustments and eliminations | | | | | (153,791) |
| | | | | | 1,614,449 |





## 40. OPERATING SEGMENTS (CONT'D)

### 40.1 BUSINESS SEGMENTS (CONT'D)

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Results** | | | | | |
| Segment profit before interest and taxation | 11 | 28,282 | 47,703 | 97,921 | 173,917 |
| Interest income | | | | | 2,463 |
| Finance costs | | | | | (10,951) |
| | | | | | 165,429 |
| Adjustments and eliminations | | | | | (31,526) |
| Consolidated profit before taxation | | | | | 133,903 |
| Income tax expense | | | | | (27,885) |
| Consolidated profit after taxation | | | | | 106,018 |
| Segment profit includes the following:- | | | | | |
| Interest income | - | - | 260 | 2,203 | 2,463 |
| Finance costs | - | - | (3,311) | (7,640) | (10,951) |
| Unrealised gain/(loss) on foreign exchange | - | 1,566 | (507) | (1,077) | (18) |
| Loss on disposal of property, plant and equipment | - | - | (39) | (95) | (134) |
| Net reversal of impairment losses/(impairment losses) on financial assets on financial assets and contract assets | 4 | - | (44) | (9,714) | (9,754) |
| Depreciation of property, plant and equipment | (17) | (219) | (4,333) | (2,565) | (7,134) |
| Depreciation of right-of-use assets | - | - | (1,541) | (2,347) | (3,888) |
| Fair value gain on derivatives | - | - | - | 2,568 | 2,568 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 40. OPERATING SEGMENTS (CONT'D)

#### 40.1 BUSINESS SEGMENTS (CONT'D)

| | Service Segment RM'000 | Investment Holding Segment RM'000 | Manufacturing, Trading and Rental Segment RM'000 | Construction Segment RM'000 | The Group RM'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Assets** | | | | | |
| Segment assets | - | 51,290 | 260,356 | 789,678 | 1,101,324 |
| Unallocated assets: | | | | | |
| - Current tax assets | | | | | 308 |
| - Deferred tax assets | | | | | 1,333 |
| Adjustments and eliminations | | | | | (31,637) |
| | | | | | 1,071,328 |
| Additions to non-current assets other than financial instruments and deferred tax assets are: | | | | | |
| - Property, plant and equipment | 10 | 86 | 60,394 | 9,520 | 70,010 |
| - Right-of-use assets | - | - | 3,998 | 3,084 | 7,082 |
| **Liabilities** | | | | | |
| Segment liabilities | - | 20,178 | 180,106 | 575,131 | 775,415 |
| Unallocated liabilities: | | | | | |
| - Current tax liabilities | | | | | 12,773 |
| - Deferred tax liabilities | | | | | 5,922 |
| Adjustments and eliminations | | | | | (61,174) |
| | | | | | 732,936 |



## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 40. OPERATING SEGMENTS (CONT'D)

#### 40.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments, goodwill and deferred tax assets.

| The Group | Revenue 2024 RM'000 | Revenue 2023 RM'000 | Non-current Assets 2024 RM'000 | Non-current Assets 2023 RM'000 |
|---|---|---|---|---|
| Malaysia | **503,752** | 699,453 | **198,400** | 158,790 |
| Singapore | **331,840** | 610,544 | **11,185** | 12,535 |
| PRC | **376,924** | 238,221 | **4,523** | 4,142 |
| Others | **59,653** | 66,231 | **19** | 39 |
| | **1,272,169** | 1,614,449 | **214,127** | 175,506 |

The information on the disaggregation of revenue based on geographical region is summarised below:-

| The Group | At A Point In Time 2024 RM'000 | At A Point In Time 2023 RM'000 | Over Time 2024 RM'000 | Over Time 2023 RM'000 | The Group 2024 RM'000 | The Group 2023 RM'000 |
|---|---|---|---|---|---|---|
| Malaysia | **64,023** | 44,721 | **439,547** | 654,732 | **503,570** | 699,453 |
| Singapore | **50,059** | 47,066 | **281,781** | 563,478 | **331,840** | 610,544 |
| PRC | **-** | 2,323 | **377,106** | 235,898 | **377,106** | 238,221 |
| Others | **39,183** | 35,880 | **20,470** | 30,351 | **59,653** | 66,231 |
| | **153,265** | 129,990 | **1,118,904** | 1,484,459 | **1,272,169** | 1,614,449 |

#### 40.3 MAJOR CUSTOMERS

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

| | Revenue 2024 RM'000 | Revenue 2023 RM'000 | Segment |
|---|---|---|---|
| Customer 1 | **-** | 446,853 | Construction |
| Customer 2 | **176,102** | 189,562 | Construction |

## 41. CAPITAL COMMITMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Purchase of property, plant and equipment | **25,539** | 47,559 | **11,997** | - |

## 42. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk**

(i) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Chinese Yuan ("CNY"), United States Dollar ("USD"), New Taiwan Dollar ("NTD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.



## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign currency exposure*

| The Group | CNY RM'000 | USD RM'000 | NTD RM'000 | SGD RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| **Financial Assets** | | | | |
| Trade receivables | 54,114 | 11,528 | 4,677 | 75,140 |
| Other receivables | 5,950 | - | 53 | 1,159 |
| Fixed deposits with licensed banks | - | 15,501 | - | 120,735 |
| Cash and bank balances | 15,889 | 12,295 | 928 | 41,219 |
| | 75,953 | 39,324 | 5,658 | 238,253 |
| **Financial Liabilities** | | | | |
| Lease liabilities | (1,880) | - | - | (1,673) |
| Hire purchase payables | - | - | - | (1,042) |
| Invoice financing | (54,514) | - | - | - |
| Revolving credits | (4,292) | - | (2,180) | - |
| Trade payables | (97,644) | (11,148) | (5,550) | (18,808) |
| Other payables and accruals | (9,971) | (17) | (575) | (14,599) |
| | (168,301) | (11,165) | (8,305) | (36,122) |
| Net financial (liabilities)/ assets | (92,348) | 28,159 | (2,647) | 202,131 |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 13,212 | - | 2,647 | (177,943) |
| **Currency exposure** | (79,136) | 28,159 | - | 24,188 |

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Group | CNY RM'000 | USD RM'000 | NTD RM'000 | SGD RM'000 |
|---|---|---|---|---|
| **2023** | | | | |
| **Financial Assets** | | | | |
| Trade receivables | 15,517 | 11,328 | 4,015 | 120,227 |
| Other receivables | 9,512 | - | - | 1,197 |
| Fixed deposits with licensed banks | - | 9,625 | - | 21 |
| Cash and bank balances | 29,376 | 27,067 | 4,380 | 68,871 |
| | 54,405 | 48,020 | 8,395 | 190,316 |
| **Financial Liabilities** | | | | |
| Lease liabilities | (1,014) | - | - | (2,885) |
| Hire purchase payables | - | - | - | (1,273) |
| Term loans | - | - | - | (3,479) |
| Invoice financing | (43,519) | - | - | - |
| Trust receipts | - | - | - | (24,979) |
| Derivative liabilities | - | (434) | - | - |
| Trade payables | (47,490) | (33,408) | (3,498) | (41,065) |
| Other payables and accruals | (5,645) | (1) | (2,590) | (17,660) |
| | (97,668) | (33,843) | (6,088) | (91,341) |
| Net financial (liabilities)/ assets | (43,263) | 14,177 | 2,307 | 98,975 |
| Add: Forward foreign currency contracts (contracted notional principal) | - | 23,307 | - | - |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 42,928 | - | (2,307) | (89,379) |
| **Currency exposure** | (335) | 37,484 | - | 9,596 |





NOTES TO THE FINANCIAL STATEMENTS
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**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Company | USD RM'000 | NTD RM'000 | SGD RM'000 |
|---|---|---|---|
| **2024** | | | |
| **Financial Assets** | | | |
| Trade receivables | **-** | **4,677** | **-** |
| Other receivables | **-** | **53** | **-** |
| Amount owing by subsidiaries | **-** | **-** | **2,725** |
| Fixed deposits with licensed banks | **7,223** | **-** | **25,605** |
| Cash and bank balances | **30** | **928** | **1** |
| | **7,253** | **5,658** | **28,331** |
| **Financial Liabilities** | | | |
| Trade payables | **-** | **(5,550)** | **-** |
| Other payables and accruals | **-** | **(575)** | **-** |
| Revolving credits | **-** | **(2,180)** | **-** |
| Amount owing to subsidiaries | **(1,365)** | **-** | **-** |
| | **(1,365)** | **(8,305)** | **-** |
| Net financial assets/(liabilities) | **5,888** | **(2,647)** | **28,331** |
| Less: Net financial liabilities denominated in the entity's functional currency | **-** | **2,647** | **-** |
| **Currency exposure** | **5,888** | **-** | **28,331** |

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency exposure (Cont'd)*

| The Company | USD RM'000 | NTD RM'000 | SGD RM'000 |
|---|---|---|---|
| **2023** | | | |
| **Financial Assets** | | | |
| Trade receivables | - | 4,016 | - |
| Amount owing by subsidiaries | 69 | - | 4,502 |
| Fixed deposits with licensed banks | 2,737 | - | - |
| Cash and bank balances | 3,028 | 4,379 | 10,669 |
| | 5,834 | 8,395 | 15,171 |
| **Financial Liabilities** | | | |
| Trade payables | (92) | (3,498) | - |
| Other payables and accruals | - | (2,590) | - |
| Amount owing to subsidiaries | (2,088) | - | - |
| | (2,180) | (6,088) | - |
| Net financial assets | 3,654 | 2,307 | 15,171 |
| Less: Net financial assets denominated in the entity's functional currency | - | (2,307) | - |
| **Currency exposure** | 3,654 | - | 15,171 |





**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

*Foreign currency risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Effects on profit after taxation** | | | | |
| CNY | | | | |
| - strengthened by 10% | **(7,914)** | (34) | **-** | - |
| - weakened by 10% | **7,914** | 34 | **-** | - |
| USD | | | | |
| - strengthened by 10% | **2,816** | 3,748 | **589** | 365 |
| - weakened by 10% | **(2,816)** | (3,748) | **(589)** | (365) |
| SGD | | | | |
| - strengthened by 10% | **2,419** | 960 | **2,833** | 1,517 |
| - weakened by 10% | **(2,419)** | (960) | **(2,833)** | (1,517) |

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22 and 26 to the financial statements.

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

(ii) Interest Rate Risk (Cont'd)

*Interest rate risk sensitivity analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Effects on Profit After Taxation** | | | | |
| Increase of 100 basis points | **(1,751)** | (1,760) | **(22)** | (120) |
| Decrease of 100 basis points | **1,751** | 1,760 | **22** | 120 |

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

**(b) Credit Risk**

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of these subsidiaries to serve their loans on an individual basis.

(i) Credit Risk Concentration Profile

The Group's and the Company's major concentration of credit risk relates to the trade receivables (including amount owing by subsidiaries) at the end of the reporting period are as follows:-

| | 2024 | 2023 |
|---|---|---|
| **The Group** | | |
| Major concentration of credit risk | **23%** | 40% |
| Number of customers | **2** | 3 |
| **The Company** | | |
| Major concentration of credit risk | **86%** | 81% |
| Number of customers | **6** | 3 |





NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group and the Company also determine the concentration of credit risk by monitoring the geographical region of their trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount owing by subsidiaries) at the end of the reporting period is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Malaysia | **153,922** | 238,252 | **4,881** | 1,689 |
| Singapore | **71,944** | 118,680 | **-** | - |
| PRC | **54,662** | 15,517 | **-** | - |
| Taiwan | **4,697** | 4,016 | **4,677** | 4,016 |
| Others | **14,163** | 10,119 | **-** | - |
| | **299,388** | 386,584 | **9,558** | 5,705 |

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the "Maturity Analysis" of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company assess whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 1 year past due.

Trade Receivables (including amount owing by subsidiaries) and Contract Assets

The Group and the Company apply the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables (including amount owing by subsidiaries) and contract assets.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables (including amount owing by subsidiaries) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group and the Company concluded that the expected loss rates for trade receivables (including amount owing by subsidiaries) are a reasonable approximation of the loss rates for the contract assets.

The Group and the Company measure the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 4 (2023 - 3) years from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. The Group and the Company have identified the unemployment rate, Gross Domestic Product (GDP) and inflation rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.





## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (including amount owing by subsidiaries) and Contract Assets (Cont'd)

*Allowance for Impairment Losses*

The reconciliations of allowance for impairment losses are as follows:-

| The Group | Non-credit Impaired RM'000 | Credit Impaired RM'000 | Total RM'000 |
|---|---|---|---|
| Trade Receivables | | | |
| Balance at 1.1.2023 | 2,875 | 12,411 | 15,286 |
| Additions (Note 30) | 247 | 496 | 743 |
| Reversals (Note 30) | (108) | (827) | (935) |
| Disposal of a subsidiary | (36) | - | (36) |
| Foreign exchange differences | 102 | 104 | 206 |
| Balance at 31.12.2023/1.1.2024 | 3,080 | 12,184 | 15,264 |
| Additions (Note 30) | - | 3,568 | 3,568 |
| Reversals (Note 30) | (272) | (1,675) | (1,947) |
| Foreign exchange differences | (112) | 385 | 273 |
| Balance at 31.12.2024 | 2,696 | 14,462 | 17,158 |
| Contract Assets | | | |
| Balance at 1.1.2023 | 622 | 3,527 | 4,149 |
| Additions (Note 30) | 14 | 11,169 | 11,183 |
| Reversals (Note 30) | (5) | (1,232) | (1,237) |
| Foreign exchange differences | 15 | 185 | 200 |
| Balance at 31.12.2023/1.1.2024 | 646 | 13,649 | 14,295 |
| Reversals (Note 30) | - | (3,927) | (3,927) |
| Changes due to contract modification | - | (2,220) | (2,220) |
| Foreign exchange differences | (31) | (653) | (684) |
| Balance at 31.12.2024 | 615 | 6,849 | 7,464 |

## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (including amount owing by subsidiaries) and Contract Assets (Cont'd)

*Allowance for Impairment Losses (Cont'd)*

The reconciliations of allowance for impairment losses are as follows (Cont'd):-

| The Company | Non-credit Impaired RM'000 | Credit Impaired RM'000 | Total RM'000 |
|---|---|---|---|
| Trade Receivables | | | |
| Balance at 1.1.2023 | 100 | 1,041 | 1,141 |
| Reversals (Note 30) | - | (549) | (549) |
| Foreign exchange differences | 16 | 37 | 53 |
| Balance at 31.12.2023/ 1.1.2024 | 116 | 529 | 645 |
| Additions (Note 30) | - | 1,399 | 1,399 |
| Foreign exchange differences | (3) | 604 | 601 |
| Balance at 31.12.2024 | 113 | 2,532 | 2,645 |
| Contract Assets | | | |
| Balance at 1.1.2023 | 18 | 3,527 | 3,545 |
| Reversals (Note 30) | - | (1,232) | (1,232) |
| Foreign exchange differences | - | 138 | 138 |
| Balance at 31.12.2023/ 1.1.2024 | 18 | 2,433 | 2,451 |
| Changes due to contract modification | - | (2,220) | (2,220) |
| Foreign exchange differences | - | (213) | (213) |
| Balance at 31.12.2024 | 18 | - | 18 |





## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (including amount owing by subsidiaries) and Contract Assets (Cont'd)

*Allowance for Impairment Losses (Cont'd)*

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

| The Group | Gross Amount RM'000 | Lifetime Individual Allowance RM'000 | Lifetime Collective Allowance RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| Current (not past due) | **255,989** | **-** | **(995)** | **254,994** |
| Less than 3 months past due | **42,648** | **-** | **(553)** | **42,095** |
| 3 to 6 months past due | **1,489** | **-** | **(118)** | **1,371** |
| More than 6 months past due | **1,958** | **-** | **(1,030)** | **928** |
| Credit impaired | **14,462** | **(14,462)** | **-** | **-** |
| Trade receivables | **316,546** | **(14,462)** | **(2,696)** | **299,388** |
| Contract assets | **158,373** | **(6,849)** | **(615)** | **150,909** |
| | **474,919** | **(21,311)** | **(3,311)** | **450,297** |
| **2023** | | | | |
| Current (not past due) | 332,515 | - | (724) | 331,791 |
| Less than 3 months past due | 55,294 | - | (901) | 54,393 |
| 3 to 6 months past due | 1,123 | - | (792) | 331 |
| More than 6 months past due | 732 | - | (663) | 69 |
| Credit impaired | 12,184 | (12,184) | - | - |
| Trade receivables | 401,848 | (12,184) | (3,080) | 386,584 |
| Contract assets | 173,677 | (13,649) | (646) | 159,382 |
| | 575,525 | (25,833) | (3,726) | 545,966 |

## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (including amount owing by subsidiaries) and Contract Assets (Cont'd)

*Allowance for Impairment Losses (Cont'd)*

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows (Cont'd):-

| The Company | Gross Amount RM'000 | Lifetime Individual Allowance RM'000 | Lifetime Collective Allowance RM'000 | Carrying Amount RM'000 |
|---|---|---|---|---|
| **2024** | | | | |
| Current (not past due) | **4,863** | **-** | **(67)** | **4,796** |
| Less than 3 months past due | **2,919** | **-** | **(44)** | **2,875** |
| 3 to 6 months past due | **1,096** | **-** | **-** | **1,096** |
| More than 6 months past due | **793** | **-** | **(2)** | **791** |
| Credit impaired | **2,532** | **(2,532)** | **-** | **-** |
| Trade receivables | **12,203** | **(2,532)** | **(113)** | **9,558** |
| Contract assets | **5,156** | **-** | **(18)** | **5,138** |
| | **17,359** | **(2,532)** | **(131)** | **14,696** |
| **2023** | | | | |
| Current (not past due) | 4,822 | - | (115) | 4,707 |
| Less than 3 months past due | 257 | - | (1) | 256 |
| 3 to 6 months past due | 208 | - | - | 208 |
| More than 6 months past due | 534 | - | - | 534 |
| Credit impaired | 529 | (529) | - | - |
| Trade receivables | 6,350 | (529) | (116) | 5,705 |
| Contract assets | 3,619 | (2,433) | (18) | 1,168 |
| | 9,969 | (2,962) | (134) | 6,873 |





42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (including amount owing by subsidiaries) and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

Trade receivables and contract assets that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables and contract assets that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

Other Receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, the Group and the Company assess whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

| Category | Definition of Category | Loss Allowance |
|---|---|---|
| Performing: | Receivables have a low risk of default and a strong capacity to meet contractual cash flows | 12-months expected credit losses |
| Underperforming: | Receivables for which there is a significant increase in credit risk | Lifetime expected credit losses |
| Not performing: | There is evidence indicating the receivable is credit impaired or more than 365 days past due | Lifetime expected credit losses |

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The Group and the Company measure the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

*Allowance for Impairment Losses*

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances) (Cont'd)

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

*Allowance for Impairment Losses*

Based on the assessment performed, the identified impairment loss was immaterial, and hence, it is not provided for.

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

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

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

*Allowance for Impairment Losses*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS
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**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| The Group | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Lease liabilities | **4,212** | **4,390** | **2,588** | **1,802** | **-** |
| Hire purchase payables | **5,938** | **6,704** | **2,137** | **4,509** | **58** |
| Term loans | **85,584** | **103,494** | **15,261** | **71,913** | **16,320** |
| Invoice financing | **54,514** | **54,514** | **54,514** | **-** | **-** |
| Trust receipts | **5,549** | **5,549** | **5,549** | **-** | **-** |
| Revolving credits | **29,472** | **29,472** | **29,472** | **-** | **-** |
| Trade payables | **188,978** | **188,978** | **188,978** | **-** | **-** |
| Other payables and accruals | **48,895** | **48,895** | **48,895** | **-** | **-** |
| Bank overdrafts | **10** | **10** | **10** | **-** | **-** |
| | **423,152** | **442,006** | **347,404** | **78,224** | **16,378** |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

| The Group | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 | 1 - 5 Years RM'000 | Over 5 Years RM'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Lease liabilities | 6,678 | 6,909 | 4,521 | 2,388 | - |
| Hire purchase payables | 5,935 | 6,808 | 1,826 | 4,677 | 305 |
| Term loans | 73,917 | 135,415 | 19,156 | 55,305 | 60,954 |
| Invoice financing | 43,519 | 43,519 | 43,519 | - | - |
| Trust receipts | 29,667 | 29,667 | 29,667 | - | - |
| Revolving credits | 26,250 | 26,250 | 26,250 | - | - |
| Trade payables | 223,841 | 223,841 | 223,841 | - | - |
| Other payables and accruals | 47,479 | 47,479 | 47,479 | - | - |
| Bank overdrafts | 2,246 | 2,246 | 2,246 | - | - |
| Derivative Financial Liabilities | | | | | |
| Forward currency contracts | 434 | 434 | 434 | - | - |
| | 459,966 | 522,568 | 398,939 | 62,370 | 61,259 |

## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

| The Company | Carrying Amount RM'000 | Contractual Undiscounted Cash Flows RM'000 | Within 1 Year RM'000 |
|---|---|---|---|
| **2024** | | | |
| Non-derivative Financial Liabilities | | | |
| Revolving credits | **2,180** | **2,180** | **2,180** |
| Amount owing to a subsidiary | **1,365** | **1,365** | **1,365** |
| Trade payables | **5,550** | **5,550** | **5,550** |
| Other payables and accruals | **10,235** | **10,235** | **10,235** |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | **-** | **265,336** | **265,336** |
| | **19,330** | **284,666** | **284,666** |
| **2023** | | | |
| Non-derivative Financial Liabilities | | | |
| Revolving credits | 12,000 | 12,000 | 12,000 |
| Amount owing to a subsidiary | 2,307 | 2,307 | 2,307 |
| Trade payables | 3,590 | 3,590 | 3,590 |
| Other payables and accruals | 10,550 | 10,550 | 10,550 |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | - | 219,430 | 219,430 |
| | 28,447 | 247,877 | 247,877 |

The contractual undiscounted cash flows of financial guarantee contracts represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair values on initial recognition were not material.

**42. FINANCIAL INSTRUMENTS (CONT'D)**

**42.2 CAPITAL RISK MANAGEMENT**

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period is not presented as their cash and cash equivalent exceeded the total external borrowings.

There was no change in the approach to capital management during the financial year. The Group and the Company are also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group and the Company have complied with this requirement.

**42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Financial Asset** | | | | |
| Amortised Cost | | | | |
| Trade receivables | **299,388** | 386,584 | **4,677** | 4,016 |
| Other receivables | **8,831** | 19,231 | **53** | - |
| Amount owing by subsidiaries | **-** | - | **40,931** | 36,552 |
| Fixed deposits with licensed banks | **210,136** | 36,129 | **58,540** | 18,911 |
| Cash and bank balances | **202,978** | 233,132 | **36,003** | 23,904 |
| | **721,333** | 675,076 | **140,204** | 83,383 |
| **Financial Liabilities** | | | | |
| Fair Value Through Profit or Loss | | | | |
| Derivative liabilities | **-** | 434 | **-** | - |
| Amortised Cost | | | | |
| Hire purchase payables | **5,938** | 5,935 | **-** | - |
| Term loans | **85,584** | 73,917 | **-** | - |
| Invoice financing | **54,514** | 43,519 | **-** | - |
| Trust receipts | **5,549** | 29,667 | **-** | - |
| Revolving credits | **29,472** | 26,250 | **2,180** | 12,000 |
| Amount owing to a subsidiary | **-** | - | **1,365** | 2,307 |
| Trade payables | **188,978** | 223,841 | **5,550** | 3,590 |
| Other payables and accruals | **48,895** | 47,479 | **10,235** | 10,550 |
| Bank overdrafts | **10** | 2,246 | **-** | - |
| | **418,940** | 452,854 | **19,330** | 28,447 |

## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| **Financial Asset** | | | | |
| Amortised Cost | | | | |
| Net gains/(losses) recognised in profit or loss by: | | | | |
| - mandatorily required by MFRS 9 | **7,698** | (6,666) | **(1,799)** | 6,101 |
| **Financial Liabilities** | | | | |
| Fair Value Through Profit or Loss | | | | |
| Net (losses)/gains recognised in profit or loss by: | | | | |
| - mandatorily required by MFRS 9 | **(464)** | 2,568 | **-** | - |
| Amortised Cost | | | | |
| Net losses recognised in profit or loss by: | | | | |
| - mandatorily required by MFRS 9 | **(11,812)** | (14,055) | **(338)** | (477) |





## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| | Fair Value of Financial Instruments Carried at Fair Value | | | Fair Value of Financial Instruments Not Carried at Fair Value | | | | |
|---|---|---|---|---|---|---|---|---|
| **The Group** | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total Fair Value RM'000 | Carrying Amount RM'000 |
| **2024** | | | | | | | | |
| Financial Liabilities | | | | | | | | |
| Term loans: | | | | | | | | |
| - floating rate | **-** | **-** | **-** | **-** | **85,584** | **-** | **85,584** | **85,584** |
| Hire purchase payables | **-** | **-** | **-** | **-** | **6,185** | **-** | **6,185** | **5,938** |
| **2023** | | | | | | | | |
| Financial Liabilities | | | | | | | | |
| Term loans: | | | | | | | | |
| - floating rate | - | - | - | - | 73,917 | - | 73,917 | 73,917 |
| Hire purchase payables | - | - | - | - | 5,953 | - | 5,953 | 5,935 |
| Derivative liabilities: | | | | | | | | |
| - forward currency contracts | - | 434 | - | - | - | - | 434 | 434 |
| **The Company** | | | | | | | | |
| **2024** | | | | | | | | |
| Financial Asset | | | | | | | | |
| Amount owing by subsidiaries: | | | | | | | | |
| - interest-bearing balances | **-** | **-** | **-** | **-** | **-** | **33,960** | **33,960** | **33,960** |
| **2023** | | | | | | | | |
| Financial Asset | | | | | | | | |
| Amount owing by subsidiaries: | | | | | | | | |
| - interest-bearing balances | - | - | - | - | - | 29,040 | 29,040 | 29,040 |

## 42. FINANCIAL INSTRUMENTS (CONT'D)

### 42.5 FAIR VALUE INFORMATION (CONT'D)

**(a) Fair Value of Financial Instruments Carried at Fair Value**

In the previous financial year, the fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

| | The Group | |
|---|---|---|
| | 2024 % | 2023 % |
| Hire purchase payables (fixed rate) | **3.59 - 7.60** | 3.59 - 7.60 |

(iii) The fair value of amount owing by subsidiaries is calculated based on the present value of the projected repayment of loans.





## 43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 25 April 2018, KTSB was appointed by JCT Industries Group Sdn. Bhd. ("JCT") as the Contractor to construct the main factory, warehouse, TNB Sub Station and infrastructural work in Kuala Muda, Kedah Darul Aman ("Works"). The Works were completed on 30 August 2020.

(i) On 18 February 2020, as JCT failed to make payment to KTSB, KTSB has served a Payment Claim to JCT in accordance with Section 5 of Construction Industry Payment & Adjudication Act 2012 ("CIPAA") for the sum of RM8,226,943.48 together with interest on the sum from 14 February 2020 to the date full payment is received at the interest rate of 7.4% per annum.

On 5 August 2020 and after the service of Payment Response, JCT made a further payment of RM430,000.00. Therefore, the total unpaid amount for the payment certificates issued is now reduced to RM7,134,518.81.

On 14 August 2020, KTSB served a Notice of Adjudication to JCT in accordance with Section 7 and 8 of CIPAA to seek for reliefs or remedies from JCT.

On 8 June 2021, KTSB received the Adjudication Determination under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA").

1. JCT shall pay to KTSB the sum of RM1,292,484.84;

2. JCT shall pay to KTSB interest at the prevailing Maybank Base Lending Rate plus one percent (1%) per annum calculated upon the sum of:

   i. RM407,788.33 from 17th April 2019 to 14th February 2020;
   ii. RM1,031,826.28 from 13th May 2019 to 14th February 2020;
   iii. RM1,743,379.36 from 12th June 2019 to 14th February 2020;
   iv. RM1,490,397.45 from 19th July 2019 to 14th February 2020;
   v. RM713,958.59 from 15th August 2019 to 14th February 2020;
   vi. RM784,004.25 from 16th October 2019 to 14th February 2020;
   vii. RM1,001,114.41 from 25th December 2019 to 14th February 2020; and
   viii. RM392,050.14 from 5th February 2020 to 14th February 2020.

3. JCT shall pay to KTSB interest at the prevailing Maybank Base Lending Rate plus one percent (1%) per annum calculated upon the sum of:

   i. RM7,564,518.81 from 21st February 2020 to 5th March 2020;
   ii. RM1,292,484.84 from 6th March 2020 to the date of this Adjudication Decision; and
   iii. RM1,292,484.84 from the date of this Adjudication Decision to the date of full payment.

4. Each party is to bear its own legal costs.

5. KTSB and JCT shall bear the adjudicator's fees and minimum expenses in the total sum of RM50,500 and the AIAC's administrative fee (including SST) in the sum of RM10,600 in equal shares.

(ii) On 30 November 2020, KTSB has received a Notice of Arbitration dated 27 November 2020 served on behalf of JCT.

The Arbitration proceedings commenced under the Notice of Arbitration filed pursuant to the Arbitration Act 2005 and the PAM Arbitration Rules.

**43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)**

(ii) JCT has alleged that KTSB had failed to complete the Works within the stipulated completion timeframe as stipulated in the Contract and failed, refused and/or neglected to make good of its defects despite demand from JCT. JCT will be seeking against KTSB in the arbitration for the following reliefs:-

1. Liquidated damages to be ascertained by the tribunal;
2. Damages for defects to be ascertained by the tribunal;
3. Such other claims as may be raised in due course in the Statement of Claim;
4. Interest;
5. Costs; and
6. Such further and/or other reliefs.

On 13 June 2022, KTSB disputes JCT entitlement to the relief sought in the Notice of Arbitration and claims against the JCT by way of counterclaims.

KTSB had on 19 August 2022 responded to the Claimant with its disagreement about Claimant's notice of withdrawal dated 3 August 2022 which expressed their position that the previous Notice of Arbitration dated 27 November 2020 ("Previous Notice of Arbitration") is no longer valid and shall be withdrawn with immediate effect.

KTSB accepted the Claimant's decision to withdraw the Previous Notice of Arbitration in order for both parties to resolve all the disputes as soon as possible via commencement of fresh arbitration proceedings.

(iii) On 19 August 2022, KTSB has served a Notice of Arbitration to JCT. The arbitration proceedings On 19 August 2022, KTSB has served a Notice of Arbitration to JCT. The arbitration proceedings commenced under the Notice of Arbitration filed pursuant to the Arbitration Act 2005 and the Pertubuhan Akitek Malaysia (PAM) Arbitration Rules.

On 14 November 2022, KTSB received a notice dated 8 November 2022 from PAM that a sole arbitrator has been appointed for the Arbitration Proceedings.

On 22 April 2024, KTSB served a statement of case ("SOC") to JCT pursuant to Article 10 of the PAM Rules 2019.

In this arbitral proceeding, KTSB seeks from JCT, amongst others, the outstanding payment of RM6,272,033.97, and costs and interests arising from the same.

On 18 July 2024, KTSB received a statement of defence dated 18 July 2024 ("Defence") from JCT in response to the KTSB's SOC. In the Defence from JCT, JCT denied KTSB's claim and prayed for KTSB's claim sum of RM6,272,033.97 with interests to be dismissed.

On 12 August 2024, KTSB served a statement of reply ("SOR") in response to JCT's Defence. In the SOR to JCT, KTSB denied the Defence filed by JCT and has requested that the reliefs set forth in KTSB's SOC to be allowed with costs.

On 15 October 2024, KTSB was notified by PAM of the appointment of Ar. Alice Leong Pek Lian as the new arbitrator. This appointment is necessitated by the previous arbitrator informing parties about his ill-health condition which prevents him from continuing his duties as the arbitrator.

On 7 March 2025, KTSB reached a settlement with JCT in relation to the Arbitration Proceedings. Under the terms of the Settlement Agreement, amongst others, JCT will pay KTSB a total settlement sum of RM4.3 million by instalments, with the final instalment expected to be paid on or before 1 January 2026. In the event of any default on payment, the outstanding amount will become immediately due, with a late payment interest of 5% per annum. This settlement constitutes a full and final settlement of all the disputes and differences between JCT and KTSB arising from the project and/or the contract.

This settlement will positively impact KTSB's financial position arising from the recovery of doubtful debt amounting to approximately RM4.3 million. It will strengthen cash flow and enhance KTSB's financial position without additional costs or liabilities.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

**43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)**

(b) On 26 February 2015, Hui Neng Mechanical & Electrical Engineering Co. ("Hui Neng") was appointed by Kelington Group Berhad - Taiwan Branch ("KTW") to perform project works for a project in Taiwan. KTW had paid a downpayment amounting to NTD36,000,000 (equivalent to RM4,571,245) upon commencement of the project. However, in carrying out the project works, Hui Neng did not fulfill certain obligations under the contract. On 18 September 2015, KTW received a Statement of Claim from Hui Neng for progress claims amounting to NTD1,182,924 (equivalent to RM150,206). KTW had terminated the contract with Hui Neng and filed a Counterclaim on 17 December 2015 to recover the NTD36,000,000 (equivalent to RM4,571,245), which was paid as a downpayment.

On 4 March 2016, Hui Neng failed to provide the total amount of the progress claims to the Court. The Judge had fixed the next hearing date on 22 April 2016 and Hui Neng was required to provide the total amount of the progress claims to be netted-off against the deposit paid by KTW in the next hearing.

On 22 April 2016, Hui Neng had submitted the total progress claims of NTD37 million (equivalent to RM4.46 million). KTW did not agree with the progress claims submitted by Hui Neng. The Court has fixed the next hearing on 1 June 2016 or 15 June 2016, and the exact date of the hearing will be decided by the Judges in due course.

On 15 June 2016, the Judge has fixed the date on 29 June 2016 for judgement after hearing from Hui Neng and KTW.

On 29 June 2016, the Judge has decided in favour of KTW and allowed KTW's claim of NTD34,234,442 (equivalent to RM4,279,305) being the net amount after deducting Hui Neng's progress claim of NTD1,765,558, plus all interest thereon since 13 March 2015 until full and final settlement and that all litigation cost shall be borne by Hui Neng.

On 25 July 2016, Hui Neng has submitted an appeal to the Court.

On 14 October 2016, Hui Neng has submitted a written plea to the High Court, Taiwan in relation to the appeal submitted by them. The Judge has requested KTW to submit its answer to the plea and fixed the next hearing on 9 December 2016.

On 9 December 2016, KTW had answered to the plea submitted by Hui Neng to the High Court, Taiwan and the next hearing has been fixed on 19 January 2017. Subsequently, the hearing has been postponed several times and the next hearing was fixed on 15 March 2018.

On 15 March 2018, KTW had answered to the plea submitted by Hui Neng to the High Court, Taiwan and the next hearing has been fixed on 19 April 2018.

On 10 August 2018, the High Court, Taiwan has fixed the final hearing on 29 August 2018.

On 29 August 2018, the High Court, Taiwan has fixed the final hearing on 12 September 2018 for judgement.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### 43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)

(b) On 12 September 2018, the High Court, Taiwan has delivered its court decision and ordered that Hui Neng shall pay KTW the sum of NTD29,328,814 (equivalent to RM3,946,129) plus interest of 5% per annum thereon since 10 October 2015.

On 11 January 2021, the Company has received a judgement from the Supreme Court of Taiwan which in response to Hui Neng's petition made on 23 October 2018 that the original court judgement made on 12 September 2018 was set aside except for the provisional execution, and the case shall re-submit to the Taiwan High Court in Kaohsiung.

On 18 October 2021, the High Court, Taiwan has fixed the final hearing on 25 November 2021.

On 25 November 2021, the High Court, Taiwan has requested for further clarification and fixed the next hearing on 27 December 2021.

On 27 December 2021, the High Court, Taiwan has fixed the final hearing on 14 February 2022.

On 14 February 2022, the High Court, Taiwan has fixed the final hearing on 8 June 2022 for judgement.

On 8 June 2022, the High Court, Taiwan has fixed the next hearing on 5 September 2022.

On 5 September 2022, the High Court, Taiwan has fixed the next hearing on 17 November 2022.

On 17 November 2022, the High Court, Taiwan informed that the next hearing date will be fixed once the new issue raised by Hui Neng has been clarified.

On 23 February 2023, the High Court, Taiwan has directed both parties to resolve the dispute through mediation process on 6 April 2023.

On 6 April 2023, Hui Neng refused to proceed with the negotiation with KTW and the mediation proceeding was called off. The High Court, Taiwan will fix the next hearing date.

On 27 February 2024, the High Court, Taiwan has fixed the next hearing on 24 April 2024.

On 24 April 2024, the High Court, Taiwan has fixed the final hearing on 8 May 2024.

On 8 May 2024, the High Court, Taiwan delivered its decision and ordered that Hui Neng shall pay KTW the sum of NTD28,067,575 (approximately RM4,108,279), plus interest of 5% per annum thereon since 11 August 2018. Hui Neng is currently appealing against the decision of the High Court, Taiwan and KTW has replied to Hui Neng's claim. The Appeal is subject to the decision from High court, Taiwan.

The Company will make the necessary announcement on further material development of the above matter in due course.

### 44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of current financial year:-

| | The Group | |
|---|---|---|
| | As Previously Reported RM'000 | As Restated RM'000 |
| Consolidated Statements of Changes in Equity (Extract):- | | |
| Capital reserve | 36,651 | 38,427 |
| Retained profits | 204,797 | 203,021 |

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Ir. Gan Hung Keng**
Executive Chairman /
Chief Executive Officer

**Ong Weng Leong**
Executive Director/Chief Operating Officer

**Ng Meng Kwai**
Senior Independent Non-Executive Director

**Soh Tong Hwa**
Non-Independent Non-Executive Director

**Cham Teck Kuang**
Non-Independent Non-Executive Director

**Hu Keqin**
Non-Independent Non-Executive Director

**Rahima Beevi Binti Mohamed Ibrahim**
Independent Non-Executive Director

**Chin Wei Min**
Independent Non-Executive Director

**Chow Meow Luan**
Independent Non-Executive Director

**Ng Lee Kuan**
Independent Non-Executive Director

### AUDIT COMMITTEE

**Ng Meng Kwai**
Chairman
Senior Independent Non-Executive Director

**Chow Meow Luan**
Member
Independent Non-Executive Director

**Ng Lee Kuan**
Member
Independent Non-Executive Director

### RISK MANAGEMENT COMMITTEE

**Chin Wei Min**
Chairman
Independent Non-Executive Director

**Ng Lee Kuan**
Member
Independent Non-Executive Director

**Soh Tong Hwa**
Member
Non-Independent Non-Executive Director

**Cham Teck Kuang**
Member
Non-Independent Non-Executive Director

**Hu Keqin**
Member
Non-Independent Non-Executive Director

### REMUNERATION COMMITTEE

**Rahima Beevi Binti Mohamed Ibrahim**
Chairwoman
Independent Non-Executive Director

**Ng Meng Kwai**
Member
Senior Independent Non-Executive Director

**Ng Lee Kuan**
Member
Independent Non-Executive Director

### NOMINATION COMMITTEE

**Rahima Beevi Binti Mohamed Ibrahim**
Chairwoman
Independent Non-Executive Director

**Chow Meow Luan**
Member
Independent Non-Executive Director

**Chin Wei Min**
Member
Independent Non-Executive Director

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Ng Meng Kwai**
mengkwai.ng@kelington-group.com

### COMPANY SECRETARIES

**Teo Mee Hui**
MAICSA 7050642
SSM PC No. 202008001081

**Tan Bee Hwa**
MAICSA 7058049
SSM PC No. 202008001174

### REGISTERED OFFICE

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Wilayah Persekutuan
Tel : +603-2382 4288
Fax : +603-2382 4170
Email: tmfkl-cosec@tmf-group.com

### MANAGEMENT OFFICE

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Tel : +603-7845 5696
Fax : +603-7845 7097
Email : enquiry@kelington-group.com

### INVESTOR RELATIONS

**Capital Front PLT (LLP0006141-LGN)**
B-6-27, Block B
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Bandar Sri Damansara
52200 Kuala Lumpur
Wilayah Persekutuan
Tel: +603 6262 577
Email: meilynn@capitalfront.biz

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn. Bhd.**
**(199601006647 (378993-D))**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7890 4700 [Helpdesk]
Fax: +603-7890 4670
Website: www.boardroomlimited.com
Email: BSR.Helpdesk@boardroomlimited.com

### AUDITORS

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50450 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2788 9999
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### PRINCIPAL BANKER

**HSBC Bank Malaysia Berhad**
**(198401015221 (127776-V))**
No.2 Leboh Ampang
50100 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2075 3000

### STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**

Ordinary Shares
Stock Name : KGB
Stock Code : 0151

Warrants B
Stock Name : KGB-WB
Stock Code : 0151WB





# ANALYSIS OF SHAREHOLDINGS
AS AT 28 MARCH 2025

**Issued and Paid-up share capital** : RM192,994,045.30 comprising of 724,817,148 ordinary shares. (Including 2,239,800 treasury shares)

**Class of shares** : Ordinary Shares

**Voting Rights** : One vote per ordinary share

| Size of shareholdings | No. of Holders | Percentage (%) | No. of Shares | Percentage (%) |
|---|---|---|---|---|
| Less than 100 | 128 | 2.34 | 4,775 | 0.00 |
| 100-1,000 | 1,041 | 19.05 | 641,490 | 0.09 |
| 1,001-10,000 | 2,657 | 48.62 | 12,218,854 | 1.69 |
| 10,001-100,000 | 1,262 | 23.09 | 40,108,039 | 5.53 |
| 100,001- less than 5% | 375 | 6.86 | 496,801,544* | 68.54 |
| 5% and above | 2 | 0.04 | 175,042,446 | 24.15 |
| **TOTAL** | **5,465** | **100.00** | **724,817,148** | **100.00** |

* *Including 2,239,800 treasury shares.*

**LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025**

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Names | No. of Shares | % | No. of Shares | % |
| Palace Star Sdn. Bhd. | 135,406,980 | 18.74 | - | - |
| Sun Lead International Limited | 39,635,466 | 5.49 | - | - |
| Gan Hung Keng | 4,971,332 | 0.69 | 135,406,980 (1) | 18.74 (1) |
| Ong Weng Leong | 4,666,800 | 0.65 | 135,406,980 (1) | 18.74 (1) |
| Cham Teck Kuang | 275,000 | 0.04 | 135,406,980 (1) | 18.74 (1) |
| Hu Ke Qin | 275,000 | 0.04 | 135,406,980 (1) | 18.74 (1) |
| Soh Tong Hwa | 4,286,732 | 0.59 | 138,087,778 (2) | 19.11 (2) |
| Fortune Dragon Holding Inc. | - | - | 39,635,466 (3) | 5.49 (3) |
| Lien Hwa Industrial Holdings Corp. | - | - | 39,635,466 (4) | 5.49 (4) |
| Employees Provident Fund Board | - | - | 42,215,100 | 5.84 |
| Abrdn Malaysia Sdn. Bhd. | - | - | 48,856,000 | 6.76 |
| Aberdeen Group Plc (formerly known as Abrdn Plc) | - | - | 49,732,600 | 6.88 |
| Abrdn Holdings Limited | - | - | 49,732,600 | 6.88 |

*Note:*
(1) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of their direct interests in Palace Star Sdn. Bhd.*
(2) *Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn. Bhd. and deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse and children.*
(3) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of its direct interests in Sun Lead International Limited.*
(4) *Deemed interested under Section 8 of the Companies Act 2016 by virtue of its direct interest in Fortune Dragon Holding Inc.*

## ANALYSIS OF SHAREHOLDINGS
### AS AT 28 MARCH 2025

ANALYSIS OF SHAREHOLDINGS
AS AT 28 MARCH 2025

**LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2025**

| Names | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| Gan Hung Keng | 4,971,332 | 0.69 | 135,406,980 [1] | 18.74 [1] |
| Ong Weng Leong | 4,666,800 | 0.65 | 135,406,980 [1] | 18.74 [1] |
| Cham Teck Kuang | 275,000 | 0.04 | 135,406,980 [1] | 18.74 [1] |
| Hu Keqin | 275,000 | 0.04 | 135,406,980 [1] | 18.74 [1] |
| Soh Tong Hwa | 4,286,732 | 0.59 | 138,087,778 [2] | 19.11 [2] |
| Ng Meng Kwai | - | - | - | - |
| Rahima Beevi Binti Mohamed Ibrahim | - | - | - | - |
| Chow Meow Luan | - | - | - | - |
| Chin Wei Min | - | - | - | - |
| Ng Lee Kuan | 5,000 | 0.00 | - | - |

*Note:*

[1] *(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of their direct shareholding interests in Palace Star Sdn. Bhd..*

[2] *Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn. Bhd. and deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse and children.*

**TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 28 MARCH 2025**

(Without aggregating the securities from different securities account belonging to the same Depositor)

| No. | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | PALACE STAR SDN. BHD. | 135,406,980 | 18.74% |
| 2 | SUN LEAD INTERNATIONAL LIMITED | 39,635,466 | 5.49% |
| 3 | AMANAHRAYA TRUSTEES BERHAD | 30,238,400 | 4.19% |
| 4 | PUBLIC ISLAMIC OPPORTUNITIES FUND | 26,996,300 | 3.74% |
| 5 | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND | 21,591,000 | 2.99% |
| 6 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN) | 15,915,000 | 2.20% |
| 7 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC) | 15,305,700 | 2.12% |
| 8 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA) | 13,847,700 | 1.92% |
| 9 | CITIGROUP NOMINEES (ASING) SDN. BHD.<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19) | 12,877,900 | 1.78% |
| 10 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN) | 9,961,800 | 1.38% |
| 11 | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD<br>AS BENEFICIAL OWNER (PF) | 9,340,300 | 1.29% |
| 12 | LEE BEE SENG | 8,770,000 | 1.21% |
| 13 | TOKIO MARINE LIFE INSURANCE MALAYSIA BHD<br>AS BENEFICIAL OWNER (TMEF) | 8,200,000 | 1.14% |
| 14 | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC STRATEGIC SMALLCAP FUND | 8,150,000 | 1.13% |
| 15 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>EXEMPT AN FOR AIA BHD | 7,752,100 | 1.07% |
| 16 | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01) | 7,559,100 | 1.05% |
| 17 | CARTABAN NOMINEES (TEMPATAN) SDN. BHD.<br>CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2 | 7,486,900 | 1.04% |
| 18 | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND | 6,505,000 | 0.90% |
| 19 | CHONG ANN TSUN | 6,488,564 | 0.90% |
| 20 | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND | 6,462,200 | 0.89% |
| 21 | AMANAH RAYA BERHAD<br>KUMPULAN WANG BERSAMA SYARIAH | 6,392,400 | 0.89% |
| 22 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>URUSHARTA JAMAAH SDN. BHD. (ABERDEEN 2) | 5,805,500 | 0.80% |
| 23 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>NATIONAL TRUST FUND (IFM KAF) (446190) | 5,170,000 | 0.72% |
| 24 | GAN HUNG KENG | 4,971,332 | 0.69% |
| 25 | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HSBC (M) TRUSTEE BHD FOR PRINCIPAL MALAYSIA TITANS FUND | 4,798,200 | 0.66% |
| 26 | DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD<br>DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND | 4,500,000 | 0.62% |
| 27 | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HBAP FOR ONG WENG LEONG (PB-SGDIV) | 4,391,800 | 0.61% |
| 28 | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>URUSHARTA JAMAAH SDN. BHD. (2) | 4,386,300 | 0.61% |
| 29 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR SOH TONG HWA | 4,286,732 | 0.59% |
| 30 | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HSBC (M) TRUSTEE BHD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND | 3,941,900 | 0.55% |

# ANALYSIS OF WARRANT HOLDINGS

AS AT 28 MARCH 2025

**Type of Securities** : Warrants 2021/2026

**Date of Expiry** : 5 years (expiring on 24 July 2026)

**Exercise Rights** : Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.38

**Voting Right** : The holder of warrants is not entitled to any voting rights

| Size of Holdings | No. of Holders | Percentage (%) | No. of Warrant | Percentage (%) |
|---|---|---|---|---|
| Less than 100 | 1,073 | 33.26 | 48,981 | 0.03 |
| 100-1,000 | 488 | 15.13 | 261,074 | 0.18 |
| 1,001-10,000 | 1,065 | 33.01 | 4,358,946 | 2.96 |
| 10,001-100,000 | 503 | 15.60 | 16,599,254 | 11.29 |
| 100,001- less than 5% | 94 | 2.91 | 54,066,596 | 36.76 |
| 5% and above | 3 | 0.09 | 71,749,082 | 48.78 |
| **TOTAL** | **3,226** | **100** | **147,083,933** | **100** |

**LIST OF DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANTS HOLDINGS AS AT 29 MARCH 2024**

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Names | No. of Warrant | % | No. of Warrant | % |
| Gan Hung Keng | 1,565,444 | 1.06 | 53,311,160 [(1)] | 36.25 [(1)] |
| Ong Weng Leong | 1,463,933 | 1.00 | 53,311,160 [(1)] | 36.25 [(1)] |
| Soh Tong Hwa | 491,844 | 0.33 | 54,134,758 [(2)] | 36.81 [(2)] |
| Cham Teck Kuang | - | - | 53,311,160 [(1)] | 36.25 [(1)] |
| Hu Keqin | - | - | 53,311,160 [(1)] | 36.25 [(1)] |
| Ng Meng Kwai | - | - | - | - |
| Rahima Beevi Binti Mohamed Ibrahim | - | - | - | - |
| Chow Meow Luan | - | - | - | - |
| Chin Wei Min | - | - | - | - |
| Ng Lee Kuan | - | - | - | - |

*Note:*

[(1)] *Deemed interested under Section 8 of the Companies Act 2016 by virtue of their direct shareholding interests in Palace Star Sdn. Bhd.*

[(2)] *Deemed interested under Section 8 of the Act by virtue of his direct interests in Palace Star and Sin Huat Hing Farm Sdn. Bhd. and deemed interested under Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse and child.*





**TOP THIRTY (30) WARRANTS ACCOUNTS HOLDERS AS AT 28 MARCH 2025**

(Without aggregating the securities from different securities account belonging to the same Depositor)

| No. | Name of Warrant Holders | No. of Warrant | % |
|---|---|---|---|
| 1 | PALACE STAR SDN BHD | 53,311,160 | 36.25% |
| 2 | AMANAHRAYA TRUSTEES BERHAD<br>PUBLIC ISLAMIC OPPORTUNITIES FUND | 9,712,800 | 6.60% |
| 3 | SUN LEAD INTERNATIONAL LIMITED | 8,725,122 | 5.93% |
| 4 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TAN BOON PING (7004677) | 4,620,700 | 3.14% |
| 5 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR SOH TONG HWA | 3,371,644 | 2.29% |
| 6 | KENANGA NOMINEES (TEMPATAN) SDN BHD<br>RAKUTEN TRADE SDN BHD FOR KOAY HEAN ENG | 2,969,000 | 2.02% |
| 7 | KANG CHUN EE | 2,900,000 | 1.97% |
| 8 | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR SOH CHIN LEH | 2,650,400 | 1.80% |
| 9 | AMANAHRAYA TRUSTEES BERHAD<br>PB ISLAMIC SMALLCAP FUND | 2,423,466 | 1.65% |
| 10 | CHUA ENG KIAT | 2,040,894 | 1.39% |
| 11 | LOKE YIM PENG @ LOKE WAI PENG | 2,000,000 | 1.36% |
| 12 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR TEO PUI MENG (7004172) | 1,600,000 | 1.09% |
| 13 | CARTABAN NOMINEES (TEMPATAN) SDN BHD<br>ICAPITAL.BIZ BERHAD | 1,594,695 | 1.08% |
| 14 | GAN HUNG KENG | 1,565,444 | 1.06% |
| 15 | ONG WENG LEONG | 1,463,933 | 1.00% |
| 16 | RHB NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR LAU CHUN SOONG | 1,014,000 | 0.69% |
| 17 | ANAS BIN AHMAD FARIS | 866,400 | 0.59% |
| 18 | NABILAH BINTI ZAINUL | 813,900 | 0.55% |
| 19 | OH LAY YEE | 750,000 | 0.51% |
| 20 | ONG LAM HUAT | 729,600 | 0.50% |
| 21 | OOI POH KEOH | 638,800 | 0.43% |
| 22 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR DOH JEE MING | 638,500 | 0.43% |
| 23 | QUAH ZHENG WEI | 610,000 | 0.42% |
| 24 | KANG CHUN EE | 600,000 | 0.41% |
| 25 | SOH CHIN SENG | 551,500 | 0.38% |
| 26 | CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD.<br>EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS) | 541,000 | 0.37% |
| 27 | AUSWOOD PLANTATIONS SDN BHD | 540,000 | 0.37% |
| 28 | SIN HUAT HING FARM SDN BHD | 524,444 | 0.36% |
| 29 | SOH CHIN LEH | 517,000 | 0.35% |
| 30 | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR KONG FOONG MING | 508,266 | 0.35% |

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting ("25th AGM") of Kelington Group Berhad ("KGB" or "Company") will be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 25 June 2025 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering the following businesses:

**AGENDA**

**Ordinary Business**

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and the Auditors thereon. **(Refer to Explanatory Note (a))**

2. To re-elect the following Directors who are retiring in accordance with the Clause 97 of the Company's Constitution, and being eligible, have offered themselves for re-election:

   (i) Mr Ong Weng Leong **(Ordinary Resolution 1)**

   (ii) Mr Cham Teck Kuang **(Ordinary Resolution 2)**

   (iii) Mr Hu Keqin **(Ordinary Resolution 3)**

3. To re-elect Ms Ng Lee Kuan who is retiring in accordance with the Clause 104 of the Company's Constitution, and being eligible, have offered herself for re-election. **(Ordinary Resolution 4)**

4. To approve the payment of Directors' remuneration payable to the Board of the Company amounting to RM345,000.00 for the period from 1 July 2025 until 30 June 2026. **(Ordinary Resolution 5)**

5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

**Special Business**

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

6. **Authority to Issue and Allot Shares**

   "THAT subject always to the Companies Act 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act. **(Ordinary Resolution 7)**

   THAT the Directors be further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

   THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

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





7. **Proposed Renewal of Authority for Purchase of Own Shares by the Company**

   "THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: **(Ordinary Resolution 8)**

   (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of its total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
   (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits as at the time of purchase; and
   (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or to retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

   THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
   (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first.

   AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends or transfer the shares under employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

8. **Proposed Allocation of Kelington Shares to Rahima Beevi Binti Mohamed Ibrahim, Independent Non-Executive Director of the Company pursuant to the Employee Share Scheme**

   "THAT pursuant to the Employee Share Scheme ("ESS") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the ESS, to offer and grant Rahima Beevi Binti Mohamed Ibrahim, Kelington Shares pursuant to the ESS, provided always that:- **(Ordinary Resolution 9)**

   i. she does not participate in the deliberation or discussion of her own allocation;

   ii. not more than 10% of the new Kelington Shares which may be made available under the ESS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the issued shares of Kelington; and

   iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the ESS, the Main Market Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

9. **Proposed Allocation of Kelington Shares to Ng Meng Kwai, Senior Independent Non-Executive Director of the Company pursuant to the Employee Share Scheme**

   "THAT pursuant to the Employee Share Scheme ("ESS") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the ESS, to offer and grant Ng Meng Kwai, Kelington Shares pursuant to the ESS, provided always that:- **(Ordinary Resolution 10)**

   i. he does not participate in the deliberation or discussion of his own allocation;

   ii. not more than 10% of the new Kelington Shares which may be made available under the ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and

   iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the ESS, the Main Market Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

10. **Proposed Allocation of Kelington Shares to Chow Meow Luan, Independent Non-Executive Director of the Company pursuant to the Employee Share Scheme**

   "THAT pursuant to the Employee Share Scheme ("ESS") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the ESS, to offer and grant Chow Meow Luan, Kelington Shares pursuant to the ESS, provided always that:- **(Ordinary Resolution 11)**

   i. she does not participate in the deliberation or discussion of her own allocation;

   ii. not more than 10% of the new Kelington Shares which may be made available under the ESS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the issued shares of Kelington; and

   iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the ESS, the Main Market Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

11. **Proposed Allocation of Kelington Shares to Chin Wei Min, Independent Non-Executive Director of the Company pursuant to the Employee Share Scheme**

   "THAT pursuant to the Employee Share Scheme ("ESS") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the ESS, to offer and grant Chin Wei Min, Kelington Shares pursuant to the ESS, provided always that:- **(Ordinary Resolution 12)**

   i. he does not participate in the deliberation or discussion of his own allocation;

   ii. not more than 10% of the new Kelington Shares which may be made available under the ESS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the issued shares of Kelington; and

   iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the ESS, the Main Market Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

12. **Proposed Allocation of Kelington Shares to Ng Lee Kuan, Independent Non-Executive Director of the Company pursuant to the Employee Share Scheme**

   "THAT pursuant to the Employee Share Scheme ("ESS") as approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022, approval be and is hereby given to the Board to authorise the ESS committee, from time to time throughout the duration of the ESS, to offer and grant Ng Lee Kuan, Kelington Shares pursuant to the ESS, provided always that:- **(Ordinary Resolution 13)**

   i. she does not participate in the deliberation or discussion of her own allocation;

   ii. not more than 10% of the new Kelington Shares which may be made available under the ESS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the issued shares of Kelington; and

   iii. subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws governing and constituting the ESS, the Main Market Listing Requirements, or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority, as amended from time to time."

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

BY ORDER OF THE BOARD

TEO MEE HUI (SSM PC No. 202008001081 & MAICSA 7050642)
TAN BEE HWA (SSM PC No. 202008001174 & MAICSA 7058049)

Company Secretaries

Kuala Lumpur
Dated this 30th day of April 2025

**Notes:**

1. A member may appoint up to two (2) proxies to attend, participate, speak and vote at the meeting. If a member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.

2. The instrument appointing a proxy shall be in writing, under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

5. The appointment of proxy may be made in hard copy or in electronic form. The instrument appointing a proxy must be submitted in the following manners, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:-

   (i) In hard copy form
   To be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or

   (ii) By electronic means
   Alternatively, the Form of Proxy may also be lodged electronically via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Kindly refer to the Administrative Guide for further information.

   (iii) By email
   To be sent via e-mail to :
   khairul.iqram@boardroomlimited.com
   bsr.helpdesk@boardroomlimited.com

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 18 June 2025 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.





**Explanatory notes on Ordinary and Special Business**

*(a)* *Item 1 of the Agenda*
*Audited Financial Statements for the financial year ended 31 December 2024.*

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248 and Section 340 (1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

*(b)* *Ordinary Resolutions 1 to 4 – Re-election of Directors*

Mr Ong Weng Leong, Mr Cham Teck Kuang and Mr Hu Keqin are retiring by rotation in accordance with Clause 97 of the Constitution of the Company whilst Ms Ng Lee Kuan is retiring in accordance with Clause 104 of the Constitution of the Company.

The profile of the retiring Directors are set out in the Annual Report 2024.

The Nomination Committee has taken into account the Board Evaluation Assessment including the results of the assessment for the retiring Directors and concurred that they have met the Board's expectations in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Directors of the Company. The Board recommended them to be re-elected as Directors of the Company.

*(c)* *Ordinary Resolution 5*

The Remuneration Committee and the Board had reviewed the Directors' Remuneration for the period from 1 July 2025 until 30 June 2026 ("Relevant Period"), after taking into consideration market trends for similar positions, time commitment and responsibilities of the respective Directors.

The Directors' remuneration comprises the Directors' fee and meeting allowances payable to the Board of the Company is set out as follows:

| | **Executive and Non-Executive Directors RM** | **Independent Non-Executive Directors RM** |
|---|---|---|
| Director Fee | - | 327,400.00 |
| Meeting allowance | - | 17,600.00 |
| **TOTAL** | **-** | **345,000.00** |

In determining the estimated total amount of the Directors' remuneration, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as involvement of the respective Directors. Payment of Directors' remuneration will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the 25th AGM.

In the event the proposed amount is insufficient due to more meetings or an enlarge Board size, approval will be sought at the next Annual General Meeting for the shortfall.

(d) *Ordinary Resolution 7*
*Authority to Issue and Allot Shares*

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

This is also to approve the disapplication of statutory pre-emption rights under Section 85 of the Companies Act 2016, to allot new shares (or grant rights over shares) without first offering them to the existing shareholders in proportion to their holdings pursuant to the general mandate.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

(e) *Ordinary Resolution 8*
*Proposed Renewal of Authority for Purchase of Own Shares by the Company*

The proposed Ordinary Resolution 8, if approved, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. For more information, please refer to the Share Buy-Back Statement dated 30 April 2025.

(f) *Ordinary Resolutions 9 to 13*
*Proposed Allocation of Kelington Shares to Eligible Directors ("Proposed Allocation")*

The Employee Share Scheme, which obtained shareholders' approval at the Extraordinary General Meeting of the Company held on 31 May 2022, was implemented on 6 July 2022. Puan Rahima Beevi Binti Mohamed Ibrahim, Mr Ng Meng Kwai, Ms Chow Meow Luan, Mr Chin Wei Min and Ms Ng Lee Kuan, are deemed interested in the Proposed Allocation, have abstained and will continue to abstain from all deliberations, discussions or voting of their own allocation as well as that of persons connected with them, if any, under the Proposed Allocation.



# FORM OF PROXY

**KELINGTON GROUP BERHAD**
(Registration No. 199901026486 (501386-P))
(Incorporated in Malaysia)

| **Number of Shares Held** |
|---|
| |

| **CDS Account No.** |
|---|
| |

* I/We ______________________________ NRIC No./Passport No./Company No.

______________________ of ______________________________

Tel No./Email ______________________________ being a Member(s) of KELINGTON GROUP BERHAD (Registration No. 199901026486 (501386-P)), hereby appoint

| Name | Address | NRIC/ Passport No. | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |
| ***And/or (delete as appropriate)** | | | |
| | | | |

or failing him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Persiaran Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 25 June 2025 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

| Ordinary Business | | Resolution | For | Against |
|---|---|---|---|---|
| 1 | To re-elect Mr Ong Weng Leong as Director | Resolution 1 | | |
| 2 | To re-elect Mr Cham Teck Kuang as Director | Resolution 2 | | |
| 3 | To re-elect Mr Hu Keqin as Director | Resolution 3 | | |
| 4 | To re-elect Ms Ng Lee Kuan as Director | Resolution 4 | | |
| 5 | To approve the payment of Directors' remuneration payable to the Board of the Company for the financial period from 1 July 2025 until 30 June 2026 | Resolution 5 | | |
| 6 | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company | Resolution 6 | | |
| **Special Business** | | | | |
| 7 | Authority to Issue and Allot Shares | Resolution 7 | | |
| 8 | Proposed Renewal of Authority for Purchase of Own Shares by the Company | Resolution 8 | | |
| 9 | Proposed Allocation to Rahima Beevi Binti Mohamed Ibrahim | Resolution 9 | | |
| 10 | Proposed Allocation to Ng Meng Kwai | Resolution 10 | | |
| 11 | Proposed Allocation to Chow Meow Luan | Resolution 11 | | |
| 12 | Proposed Allocation to Chin Wei Min | Resolution 12 | | |
| 13 | Proposed Allocation to Ng Lee Kuan | Resolution 13 | | |

*Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.*

\# *If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.*
* *Delete if not applicable.*

Signed this __________ day of __________________ 2025

______________________________
Signature / Common Seal of Shareholder

***Notes:***

1. *A member may appoint up to two (2) proxies to attend, participate, speak and vote at the meeting. If a member appoints more than one (1) proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.*
2. *The instrument appointing a proxy shall be in writing, under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*
5. *The appointment of proxy may be made in hard copy or in electronic form. The instrument appointing a proxy must be submitted in the following manners, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:-*
   (i) *In hard copy form*
   *To be deposited at the Company's Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or*
   (ii) *By electronic means*
   *Alternatively, the Form of Proxy may also be lodged electronically via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Kindly refer to the Administrative Guide for further information.*
   (iii) *By email*
   *To be sent via e-mail to :*
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AFFIX
STAMP

The Share Registrar
**Boardroom Share Registrars Sdn. Bhd.**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13 46200 Petaling Jaya, Selangor

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**KELINGTON GROUP BERHAD**
[Registration No. 199901026486 (501386-P)]

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