



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

Engineering A Sustainable Future, Across Borders



ANNUAL REPORT
2025



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Form of Proxy

ABOUT US

INNOVATING SOLUTIONS FOR A SUSTAINABLE FUTURE



Kelington Group Berhad (“KGB”), founded in 1999, is a leading provider of Ultra High Purity (“UHP”) gas and chemical delivery solutions as well as integrated engineering services for high-tech and industrial sectors.



Over the years, we have built a strong reputation for reliability, technical expertise, and innovation—delivering solutions that not only optimise operational performance and enhance safety, but also support our clients’ sustainability ambitions.

Our integrated approach combines engineering excellence with practical, future-ready solutions. We design, construct, and maintain complex industrial systems with a focus on efficiency, resource optimisation, and environmental responsibility. This includes specialised contracting services for advanced semiconductor fabrication facilities, cleanrooms and high-performance exhaust and abatement systems, where precision control, contamination management and environmental performance are critical.

Complementing our engineering capabilities, our industrial gases operations provide on-site gas supply and the manufacturing of liquid carbon dioxide and dry ice. These solutions support a wide range of industrial applications, including cooling, processing and use as a chemical feedstock, while enabling efficient CO₂ supply and utilisation across the value chain.

KGB has successfully delivered projects across Malaysia, China, Taiwan, Singapore, the Philippines, and Indonesia, demonstrating our capability to deliver high-quality, customised solutions to a global client base. We have also penetrated two new geographical markets in Europe and India, further expanding our international footprint. Our commitment to quality, safety, and innovation remains at the core of everything we do. Increasingly, this commitment is aligned with advancing sustainable engineering solutions—integrating energy-efficient designs, supporting low-carbon technologies, and enabling clients to transition towards more sustainable operations.

As industries evolve in response to climate challenges and technological advancements, KGB continues to innovate by adopting advanced technologies, embedding sustainable practices, and expanding capabilities in areas such as low-carbon solutions and process optimisation. By leveraging our engineering expertise and global experience, we aim to deliver solutions that not only drive business performance but also contribute to a more sustainable future.



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



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.

Commitment to create a network of shared success.

Always pushing the boundaries of what’s possible.



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

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



RM1.27 billion
Revenue



RM4.05 billion
Market Capitalisation

OUR BUSINESS

OUR BUSINESS

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

ADVANCED ENGINEERING (UHP)

REVENUE
67%
RM852.05 mil

We engineer advanced and sustainable solutions for safe handling, 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 Serve:
Semiconductor players, Electronic manufacturers, Gas Plants, etc.

PROCESS ENGINEERING

REVENUE
7%
RM93.45 mil

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 Serve:
Oil and gas, Petrochemicals, industrial plants, etc.

GENERAL CONTRACTING

REVENUE
16%
RM204.72 mil

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.

We Serve:
Manufacturing facilities and Industrial plants.

ENGINEERING BUSINESS

INDUSTRIAL GASES

MANUFACTURING OF LIQUID CARBON DIOXIDE AND DRY ICE

We manufacture and distribute liquid carbon dioxide and dry ice to various users.

ON-SITE GAS SUPPLY

We invest, operate and maintain on-site gas generators via supply scheme contracts to various users.

TRADING OF SPECIALTY GASES

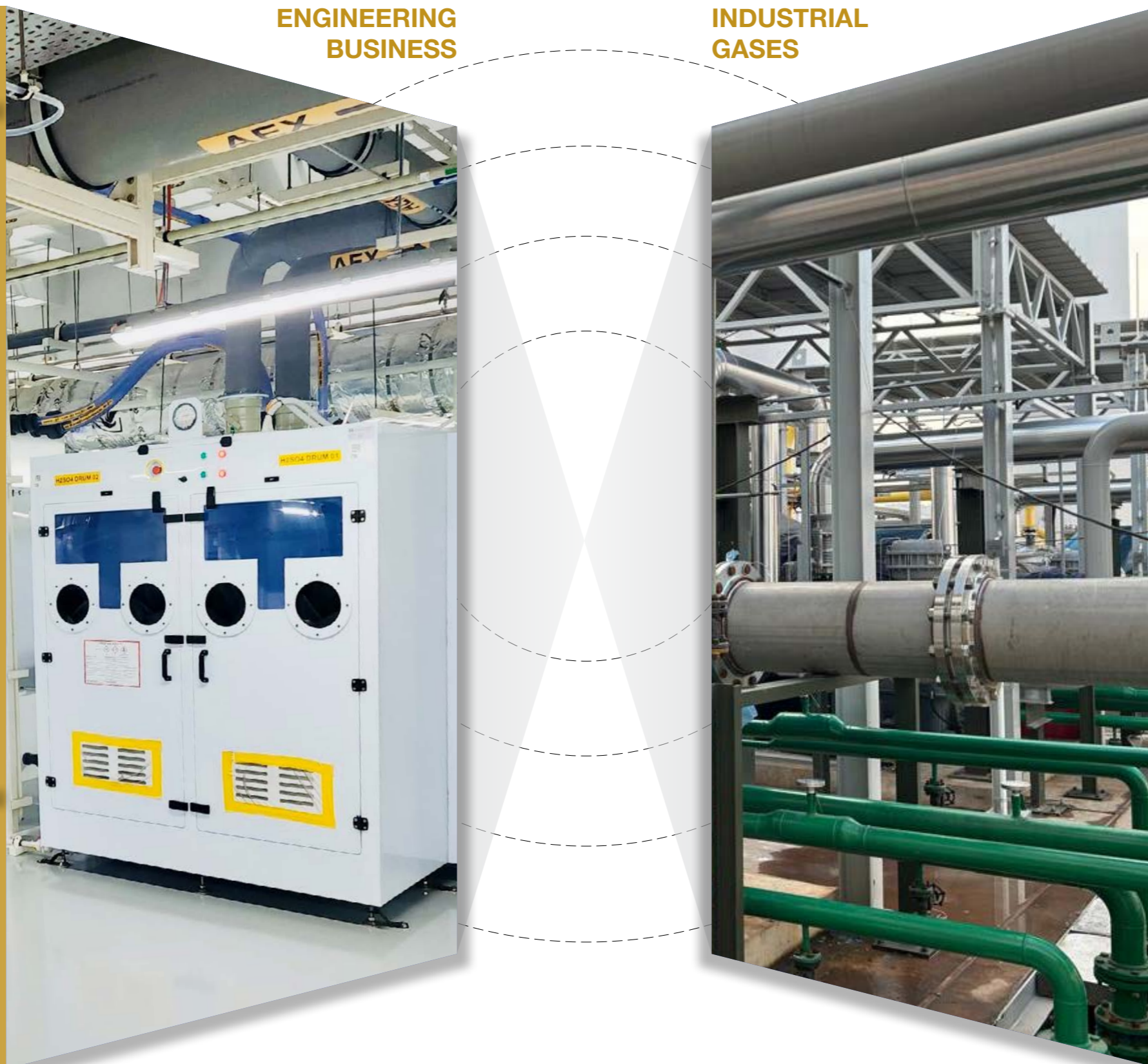
We distribute specialty gases via portable high-pressure gas storage tanks to various users.

SUSTAINABLE ENGINEERING

We delivers low-carbon solutions across CCUS, biogas, and green hydrogen.

REVENUE
10%
RM124.72 mil

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



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2021	2022	2023	2024	2025
Revenue (RM'000)	514,554	1,278,837	1,614,449	1,272,169	1,274,936
Profit Before Taxation (RM'000)	35,694	74,391	133,903	158,771	190,057
Profit After Taxation (RM'000)	29,700	58,506	106,018	126,756	150,995
Shareholders' Funds (RM'000)	192,747	243,115	338,392	473,349	613,582
Total Assets (RM'000)	403,968	1,055,641	1,071,328	1,150,185	1,391,083
Net Assets Per Share (RM)*	0.30	0.38	0.52	0.66	0.79
Basic Earning Per Share (RM'Cent)**	6.0	8.67	16.17	18.43	20.26
Dividend per share (RM'Cent)	1.5	2.5	4.0	8.0	13.0
Number of Shares in Issue ('000)**	643,007	643,007	644,797	716,046	778,161
Share Price (RM)**	1.72	1.37	2.17	3.57	5.20
Market Capitalisation (RM'000)**	1,105,972	880,920	1,399,209	2,556,284	4,046,437

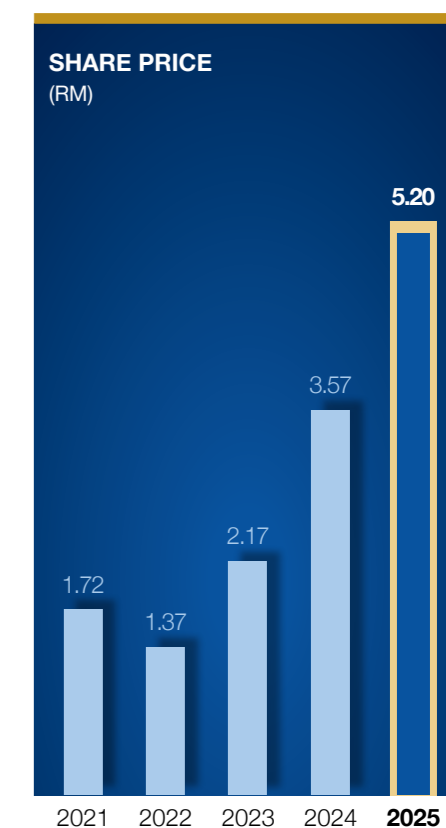
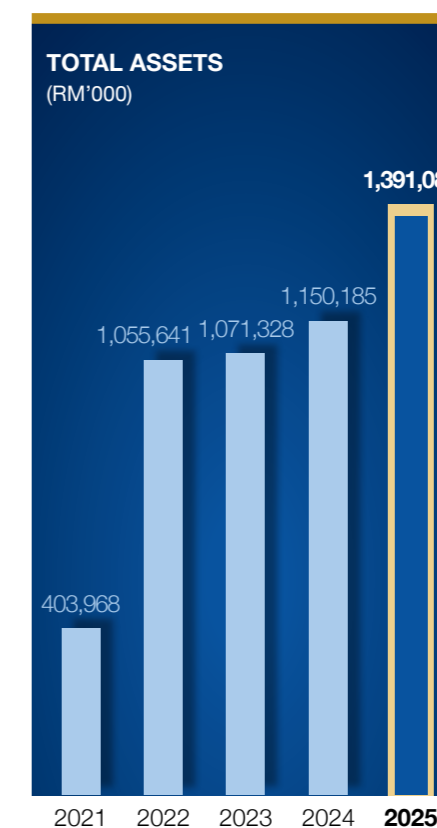
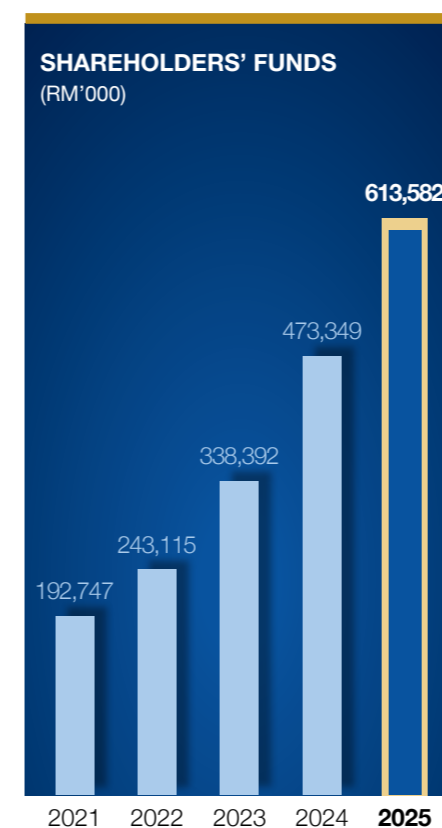
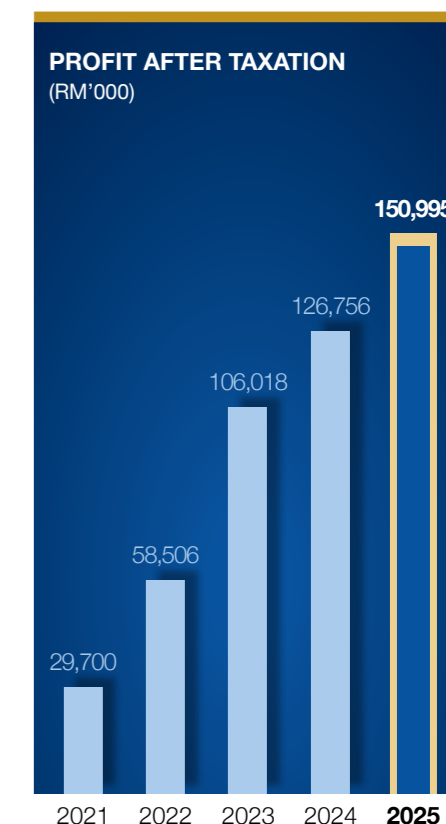
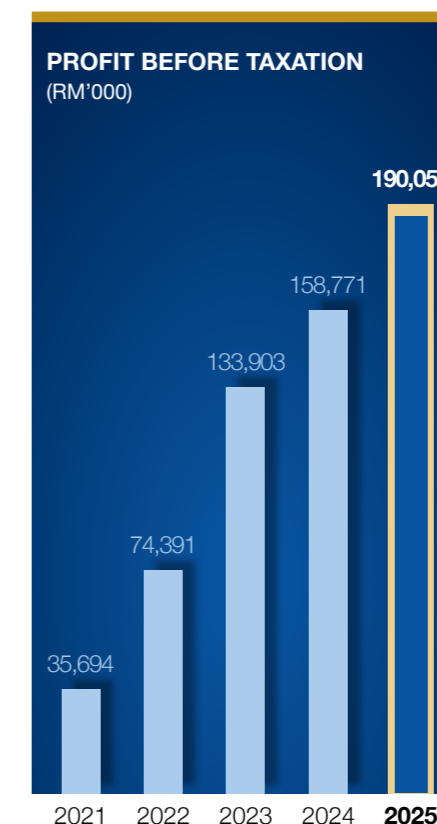
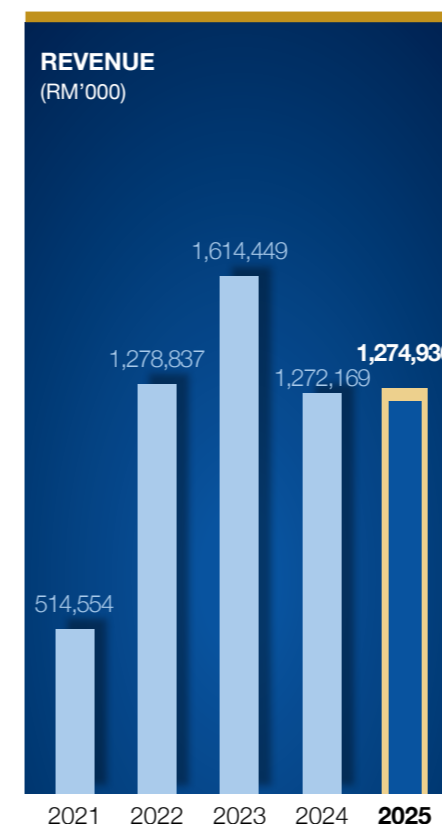
* The comparative net assets per share, basic earnings per share, number of shares in issue and share price have been restated to reflect the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share which was completed on 2 July 2021.

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

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



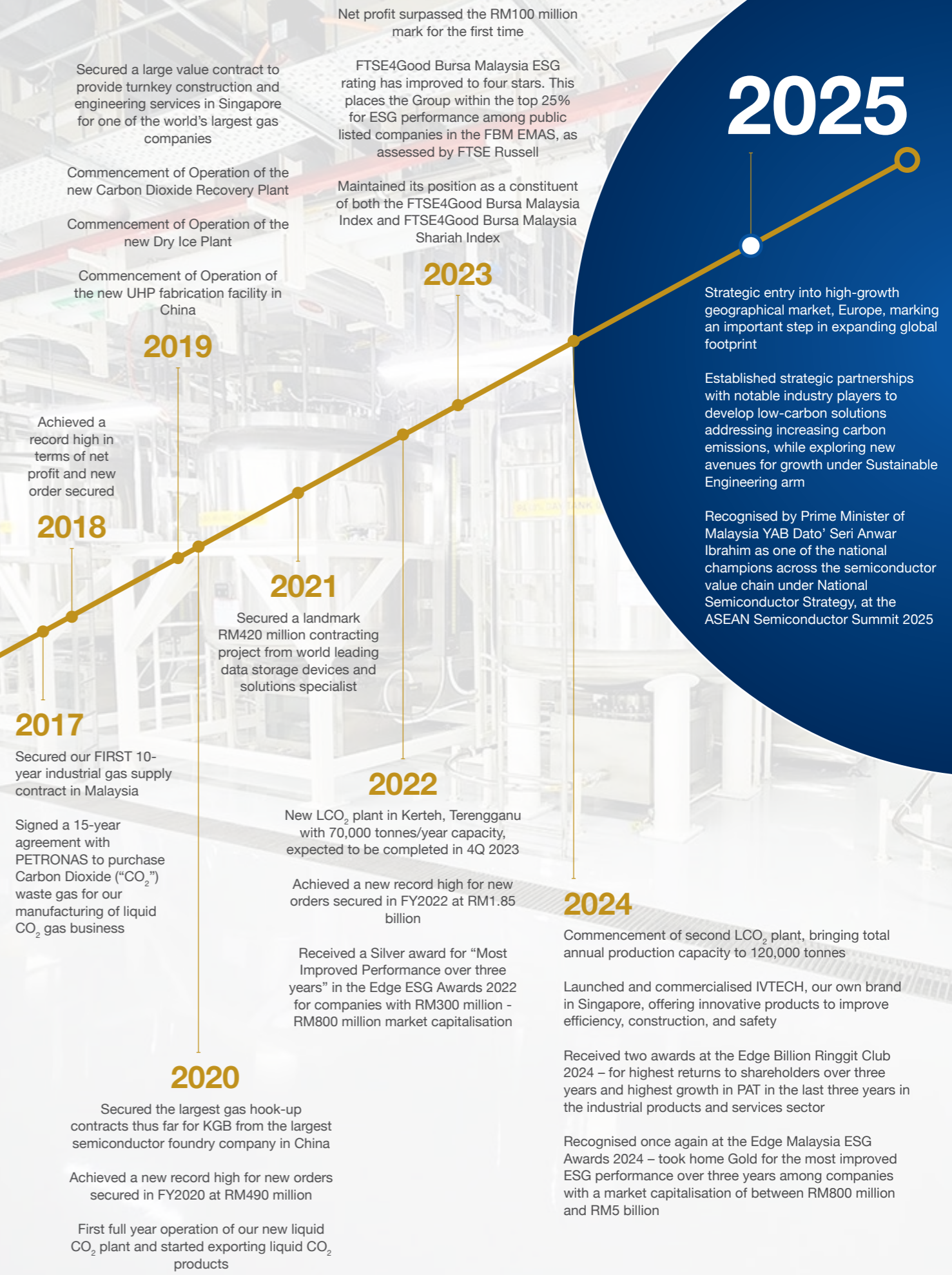
RM1.57 million
Revenue Per Employee



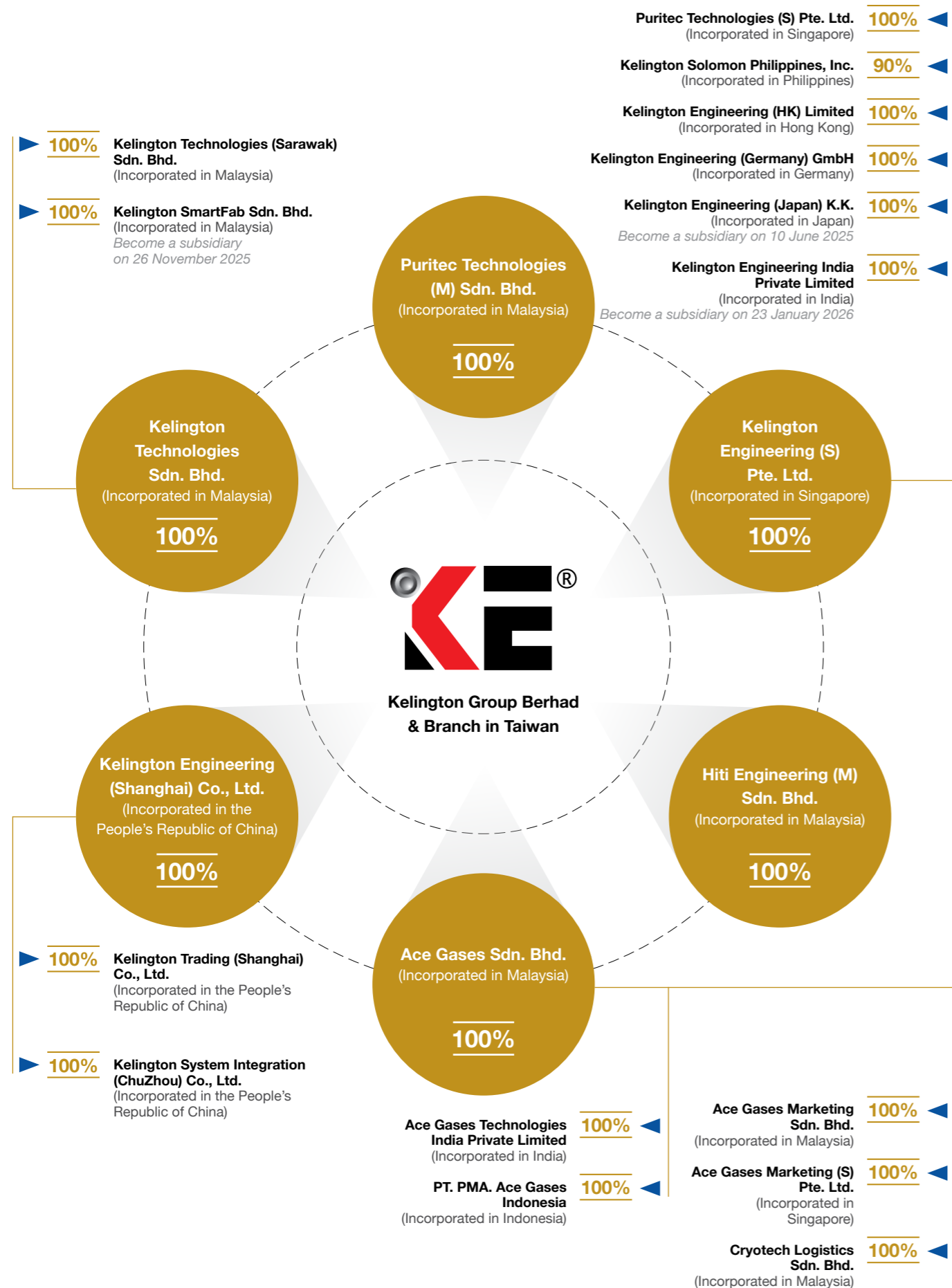
KEY MILESTONES



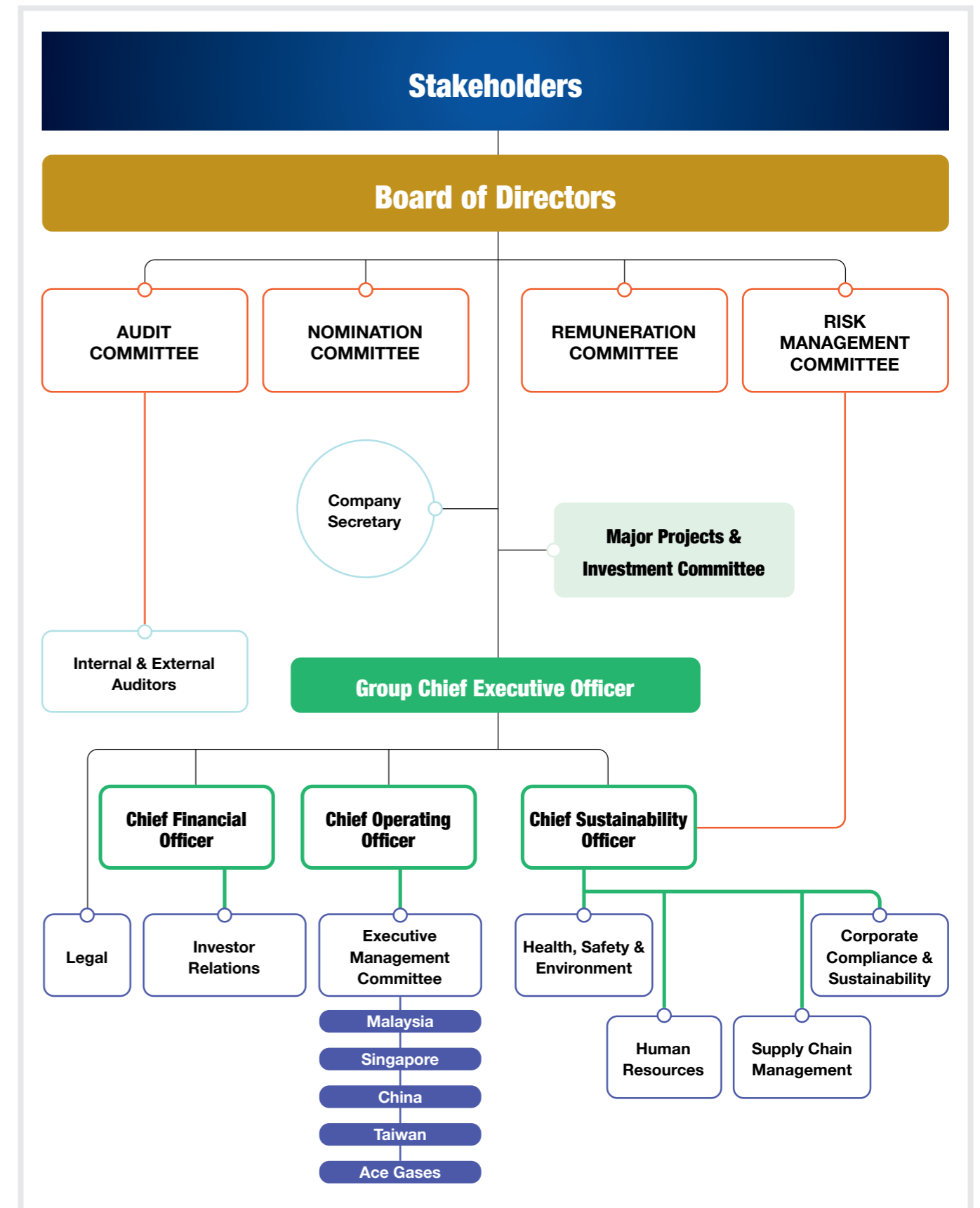
2025



CORPORATE STRUCTURE



GOVERNANCE STRUCTURE



STRATEGIC OVERVIEW

STRATEGIC OVERVIEW

Operating Environment: Key Market Trends

According to Semiconductor Industry Association, the global semiconductor market recorded another year of growth in 2025, achieving its highest-ever annual sales in 2025, reaching USD791.7 billion, a 25.6% increase from USD630.5 billion in 2024.



The global semiconductor landscape continued to strengthen during the year, underpinned by rising demand for memory and logic products. Worldwide semiconductor sales expanded further as technology migration, data-intensive applications, and emerging artificial intelligence (“AI”) models drove higher consumption of advanced chips.

This industry momentum was also reflected in capital spending trends, with SEMI estimating that worldwide investments in 300mm wafer fabrication facilities will exceed USD100 billion for the first time in 2025. The industry’s transition towards 300mm capacity underscores a structural shift to higher-value, high-performance semiconductor manufacturing.

In Malaysia, national policies such as the New Industrial Master Plan (“NIMP”) 2030, the National Semiconductor Strategy (“NSS”), and the 13th Malaysia Plan (“13MP”) have designated semiconductors as a high-growth and high-value pillar. These initiatives emphasise targeted investments, supply chain deepening, innovation-led growth, and position Malaysia as a critical node in the global semiconductor ecosystem. This favourable policy direction supports a conducive operating environment for engineering service providers such as Kelington.

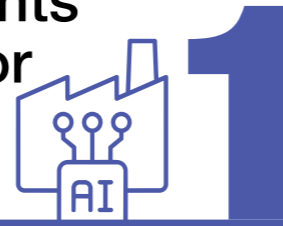
During the year, the Group recorded its 5th consecutive year of highest net profit, reaching RM151.0 million. This represents a commendable growth of 19.1% compared with RM126.8 million in the previous financial year, demonstrating the effectiveness of its strategic focus on quality project delivery and disciplined project selection.

In addition, Kelington was selected as a constituent of the MSCI Global Small Cap Index beginning November 2025. This inclusion significantly strengthens our visibility among global institutional investors, enhancing market accessibility and potentially broadening the Group’s shareholder base. The recognition also reflects Kelington’s scale, financial resilience, and track record of sustained operational delivery across regional markets.

KEY MARKET TRENDS

KEY MARKET TRENDS

Artificial Intelligence (“AI”) advancements driving increased global semiconductor investments.



1

Actual / Potential Impact

- The rapid expansion of artificial intelligence and other data-intensive technologies continues to increase demand for sophisticated semiconductor devices, particularly in high-performance computing, logic, and advanced memory. These technologies require more complex wafer fabrication and advanced packaging processes, leading to increased capital expenditure by global chip manufacturers.
- This investment cycle has opened further opportunities for engineering specialists capable of supporting mission-critical systems such as ultra-high-purity gas installations, chemical and process systems, and specialised hook-up works. The intensification of global fab expansions provides a sustained pipeline of high-value projects for the Group.

Geopolitical Diversification and Localisation of Semiconductor Manufacturing



2

Actual / Potential Impact

- Heightened geopolitical tensions and trade uncertainties, including tariff-related policies introduced by major economies, have accelerated the supply chain diversification and onshore semiconductor capacity. Countries such as Europe, Japan, India, and others are increasing efforts to enhance supply chain resilience in advanced technologies, particularly semiconductor manufacturing.
- This trend has resulted in more geographically dispersed project opportunities, placing engineering service providers with a strong regional project track record and the capability to deliver projects across borders in a favourable position.

How We Responded

- The Group has strengthened its positioning in this favourable demand cycle by leveraging its track record in supporting the world class advanced memory and high-node semiconductor facilities. Our project execution capabilities, adherence to stringent process controls, and ability to meet complex engineering specifications allow us to compete effectively for technically demanding jobs.
- We prioritised tenders requiring higher specification systems and advanced engineering capabilities, as these projects typically yield better pricing structures and support stronger margins. This approach aligns with the Group’s strategy of enhancing profitability through selective participation rather than purely volume-driven growth.
- This disciplined strategy is reflected in our financial performance for FY2025, where revenue stood at RM1.3 billion, representing a marginal increase of 0.2% compared to the preceding financial year (“FY2024”). Net profit rose to RM151.0 million in FY2025, 19.1% up from RM126.8 million in FY2024, supported by an improved project mix and a stronger contribution from higher-margin contracts.

Outlook

- Kelington is well placed as a direct proxy to global front-end wafer fabrication growth. Over the near and medium term, we expect more than USD100 billion of new wafer fab investments across the regions in which we operate. According to SEMI, approximately 41 new fab projects are expected to commence construction between 2025 and 2030, representing substantial multi-year opportunities for engineering and process system providers.
- The Group will continue to position itself to capture these opportunities by strengthening capabilities, enhancing resource deployment, and maintaining disciplined project selection.

How We Responded

- Kelington’s diversified regional presence enabled the Group to respond swiftly to these structural shifts. During the year, the Group successfully entered the European market with a project win in Dresden, Germany valued at approximately EUR30 million to EUR50 million, involving hook up services for key process systems. This development represents an important milestone as the Group extends its project footprint into a new and strategically important market.
- We also established a subsidiary in Japan to strengthen our foothold in a country experiencing accelerated semiconductor expansion supported by robust government incentives and investment programmes.
- While China experienced a moderation in semiconductor activity due to restricted access to tools, the Group’s diversified regional presence helped offset the softer conditions, with stronger contributions from other markets during the year.

Outlook

- Governments across major economies are intensifying efforts to localise semiconductor supply chains, as demonstrated by targeted national frameworks such as the European Chips Act in Europe, Japan’s Semiconductor and Digital Infrastructure Strategy, India’s Semiconductor Mission (“ISM”) and Production Linked Incentive (“PLI”) schemes, and China’s continued investments through the National Integrated Circuit Industry Investment Fund, commonly known as the Big Fund. These programmes collectively provide long-term visibility for engineering opportunities and will continue to shape investment flows across the global semiconductor landscape.
- The Group plans to enhance its presence in these high growth markets by leveraging its regional expertise, strong technical capabilities and trusted client relationships.

KEY MARKET TRENDS

KEY MARKET TRENDS

ESG and Decarbonisation Tailwinds



Actual / Potential Impact

- The domestic policy landscape is increasingly shaped by decarbonisation priorities. Malaysia is expected to introduce carbon tax in 2026, which is anticipated to incentivise industrial players to adopt lower carbon solutions. This direction is further supported by national roadmaps such as the Hydrogen Economy and Technology Roadmap (“HETR”) and the National Energy Transition Roadmap (“NETR”), which outline long-term frameworks for clean energy development, carbon capture initiatives and emissions reduction.
- These national initiatives are expected to catalyse demand for sustainable engineering solutions, including carbon capture, utilisation and storage (“CCUS”), green hydrogen and bio-compressed natural gas (“bio-CNG”), thereby creating new growth opportunities for engineering and industrial gas specialists such as Kelington.

How We Responded

- Building on its engineering expertise, industrial gas capabilities and strategic partnerships, the Group is positioning itself to be one of the frontrunners in Malaysia’s evolving low-carbon economy.
- In addition, the Group is actively exploring other potential strategic partnerships or collaborations to pursue emerging opportunities within the renewable solutions segment such as bio-CNG.
- Key initiatives include:
 - Working closely with high-emission industries such as steel and heavy manufacturing to explore engineering pathways that support emissions reduction and industrial decarbonisation.
 - Multiple memoranda of understanding (“MoU”) have been signed, including:
 - An MoU with Malaysia Steel Works (KL) Berhad and Universiti Tunku Abdul Rahman in May 2025 to explore CCUS technologies and their potential deployments within the steel industry.
 - Ace Gases Marketing Sdn. Bhd. entered into an MoU with PETRONAS CCS Solutions Sdn. Bhd. in July 2025 to explore joint value propositions in CO₂ logistics and facility operations. The collaboration includes feasibility studies evaluating the technical and commercial viability of scaling carbon sequestration solutions for hard-to-abate industries.
 - An MoU with Worldwide Energy Development Sdn. Bhd. and SKS Coachbuilders Sdn. Bhd. in October 2025 to jointly develop two-megawatt green hydrogen production hub at the Batang Kali Small Hydropower Plant, supporting low-carbon hydrogen generation in line with Malaysia’s energy transition plan.



Outlook

- The policy impetus driving national decarbonisation is expected to intensify, particularly as Malaysia’s greenhouse gas profile highlights the need for structural emissions reductions. In 2023, Malaysia’s CO₂ emissions from fuel combustion reached 252.5 million tonnes, representing approximately 0.7% of global emissions. Notably, national emissions have increased by about 119% since 2000, reflecting the sustained increase in energy consumption across industrial, commercial and transportation sectors. This trend reinforces the government’s plan to introduce a carbon tax in 2026, which is expected to boost investments in carbon management solutions, low-carbon technologies, and energy-efficient industrial systems.

CO₂ emissions from fuel combustion in Malaysia

Total, 2023

252.478

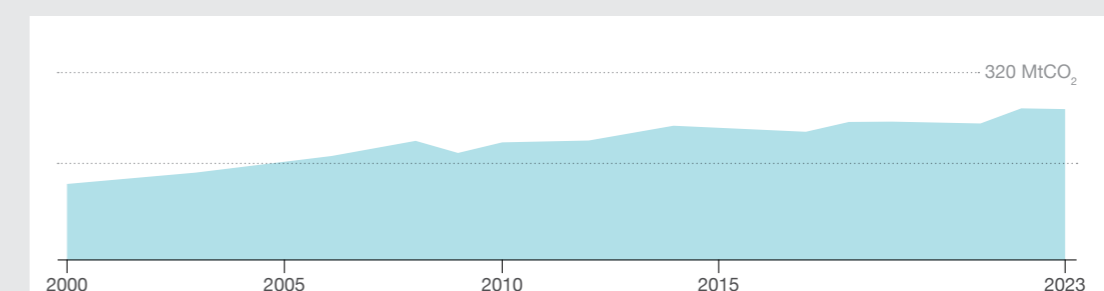
MtCO₂

Trend

↑ 199%

change 2000-2023

CO₂ emissions from fuel combustion, Malaysia



Source: iea.org

- Over the medium term, the Group aims to develop these emerging decarbonisation solutions into commercially scalable ventures. Advancements in CCUS, green hydrogen production, and related technologies are expected to complement the Group’s established engineering businesses while positioning the Group to participate meaningfully in Malaysia’s broader low-carbon transformation.

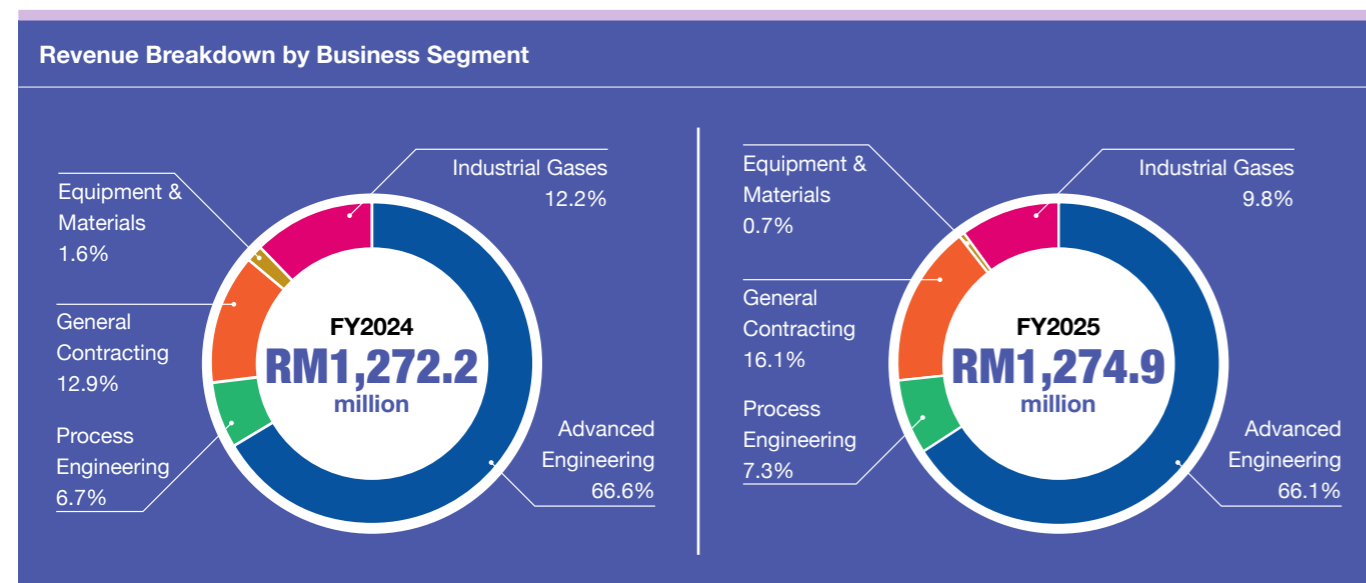
REVIEW OF FINANCIAL PERFORMANCE

REVIEW OF FINANCIAL PERFORMANCE

Financial Performance	FY2024 (RM'mil)	FY2025 (RM'mil)	Variance
Revenue	1,272.2	1,274.9	+0.2%
Cost of sales	(1,027.4)	(1,000.9)	(2.6%)
Gross profit	244.8	274.0	+12.0%
Gross profit margin (%)	19.2%	21.5%	
Other income	12.4	11.8	(5.4%)
Administrative expenses	(74.3)	(65.5)	(11.8%)
Selling and distribution expenses	(4.7)	(5.3)	+11.3%
Other expenses	(10.0)	(16.9)	+69%
Finance costs	(9.4)	(8.0)	(14.7%)
Profit before tax	158.8	190.1	+19.7%
Profit before tax margin (%)	12.5%	14.9%	
Taxation	(32.0)	(39.1)	+22.2%
Effective tax rate (%)	20.2%	20.6%	
Profit after tax	126.8	151.0	+19.1%
Profit after tax margin (%)	10.0%	11.8%	
Net profit attributable to shareholders	124.3	150.9	+21.4%
Net profit margin (%)	9.8%	11.8%	

Kelington delivered revenue of RM1.3 billion in financial year ended 31 December 2025 ("FY2025"), a marginal growth of 0.2% from preceding financial year ("FY2024"). The performance was supported by the ramp-up of new projects in Singapore and partially offset by lower contributions from Malaysia and China due to the timing gap between the completion of existing projects and the commencement of new ones.

Notwithstanding, the Group has recorded larger-than-proportionate year-on-year ("YoY") growth in net profit attributable to shareholders of 21.4%, reaching RM150.9 million, surpassing the previous record high of RM124.3 million in FY2024. Net profit margin improved from 9.8% to 11.8%, primarily driven by the Group's strategy of prioritising projects with higher margin potential.



The Advanced Engineering division remained the Group's primary revenue contributor, and generated RM843.2 million in FY2025, representing a marginal 0.5% decrease from RM847.4 million recorded in FY2024. This was mainly due to slower performance in Malaysia and China arising from the timing gap between the completion of existing projects and the commencement of new ones, partially offset by the ramp-up of new projects in Singapore and contributions from Germany.

The Process Engineering division posted revenue of RM93.4 million in FY2025, up 9.3% from RM85.5 million in FY2024. Growth was supported by higher contributions from Taiwan, partly offset by softer performance in Malaysia due to a project nearing completion.

Meanwhile, the General Contracting division achieved a 25.0% YoY increase, reaching RM204.7 million in FY2025 from RM163.7 million in FY2024. This performance was primarily due by stronger project activity in Malaysia during the financial year.

The Industrial Gases division's revenue stood at RM124.7 million in FY2025 vis-à-vis RM155.6 million in FY2024, largely attributable to reduced trading activity for specialty gases and slower project-based work. Nonetheless, demand for liquefied carbon dioxide ("LCO2") remained stable during the financial year, supported by consistent offtake from both domestic customers and export markets. The Group continues to supply LCO2 to a diversified customer base across the food and beverage, industrial and manufacturing sectors.

Revenue Breakdown by Geographical Markets

	FY2024 (RM'mil)	FY2025 (RM'mil)
Malaysia	503.8	453.4
Singapore	331.8	448.5
China	376.9	284.4
Others	36.8	38.1
Taiwan	22.9	29.9
Germany	-	20.6
Total	1,272.2	1,274.9

Malaysia and Singapore remained the Group's leading revenue markets in FY2025, collectively contributing 70.7% of total turnover, underpinned by sustained project execution across both markets.

Malaysia remained the largest contributor, generating RM453.4 million in FY2025 compared to RM503.8 million in FY2024. The variation in revenue was mainly attributed to the timing of project progress, as several projects approached completion while newly secured projects were at early stages of execution.

On the other hand, Singapore recorded strong 35.1% YoY growth, with revenue rising to RM448.5 million in FY2025 from RM331.8 million in FY2024. The higher contribution was driven by the ramp up of new projects and continued progress of ongoing projects during the financial year.

Revenue from China stood at RM284.4 million in FY2025 compared to RM376.9 million in FY2024. This moderation was largely due to projects nearing completion during the financial year, resulting in a slower pace of revenue recognition.

Despite marginal revenue growth, the Group achieved significant earnings momentum. Gross profit grew 11.9% to RM274.0 million in FY2025 from RM244.8 million in FY2024, while gross margin expanded to 21.5% from 19.2%, reflecting a strategically optimised project mix and enhanced operational efficiency.

Meanwhile, other expenses amounted to RM16.9 million in FY2025 compared to RM10.0 million in FY2024. This was mainly attributable to foreign exchange losses and higher warranty provisions amounting to RM9.2 million relating to projects under the defect liability period.

The Group recorded net profit attributable to shareholders of RM150.9 million in FY2025, marking a record high for the 5th consecutive year. This reflects the Group's strategic approach of prioritising projects with stronger margins while maintaining disciplined cost management.

REVIEW OF FINANCIAL PERFORMANCE

Cash Flow and Capital Resources

Net Cash from/(used in)	FY2024 (RM'mil)	FY2025 (RM'mil)
Operating Activities	174.5	70.9
Investing Activities	(72.5)	(114.5)
Financing Activities	2.8	43.9
Net increase in Cash and Cash equivalents	104.9	0.3
Cash and Cash Equivalents at end of the financial period	357.4	351.1

In FY2025, the Group recorded a net increase in cash and cash equivalents of RM0.3 million, bringing the total cash and cash equivalents to RM351.1 million as at the end of the financial year.

Balance Sheet

	FY2024 (RM'mil)	FY2025 (RM'mil)	Variance
Total Assets	1,150.2	1,391.1	20.9%
Fixed deposits, cash and bank balances	413.1	405.4	(1.9%)
Total Liabilities	676.8	777.5	14.9%
Total Borrowings	185.3	207.6	12.0%
Total Equity	473.3	613.6	29.6%
Gearing Ratio (times)	0.39	0.34	(12.8%)

During FY2025, the Group's total assets increased to RM1.39 billion compared to RM1.15 billion in FY2024. The expansion was mainly driven by higher contract assets and trade receivable arising from ongoing project activities, reflecting the Group's continued project execution across its key markets. In addition, the placement of RM78 million in short term investments also contributed to the growth.

As at the end of FY2025, the Group held RM405.4 million in fixed deposits, cash and bank balances compared to RM413.1 million in FY2024. With total borrowings of RM207.6 million, the Group remained in a net cash position of RM197.8 million. This strong liquidity position provides the Group with financial flexibility to fund future business opportunities and reward shareholders through dividends.

Total liabilities increased to RM777.5 million in FY2025 from RM676.8 million in FY2024. The increase was mainly attributable to higher trade payables arising from project execution, as well as the dividend payable.

- i. Net cash generated from operating activities was RM70.9 million in FY2025 compared to RM174.5 million in the preceding financial year. The lower cash generation was mainly attributable to higher trade receivables and contract assets, reflecting the timing differences in billings and collections for ongoing projects during the year.
- ii. Total cash spent in investing activities totalled RM114.5 million in FY2025, compared to RM72.5 million in FY2024, mainly due to the placement of RM78.1 million into short term investments. This was partially offset by the lower capital expenditure during the year.
- iii. Net cash inflow from financing activities amounted to RM43.9 million in FY2025 from RM2.8 million in FY2024, primarily driven by proceeds from the exercise of warrants amounting to RM80.6 million and a net drawdown of borrowings and lease liabilities, as well as the withdrawal of pledged fixed deposits and bank balances during the year.

Meanwhile, total equity rose to RM613.6 million in FY2025 compared to RM473.3 million in FY2024. The increase was primarily attributable to the exercise of warrants and sustained quarterly earnings.

Correspondingly, the Group's gearing ratio improved to 0.34 times as at FY2025 compared to 0.39 times recorded in FY2024, reflecting the Group's continued prudent management of its capital structure.

In appreciation of shareholders' continued support, the Board declared total dividends of 13.0 sen per share for FY2025, representing a 62.5% y-o-y increase from the 8.0 sen per share paid in FY2024. This brings the total dividend payout for FY2025 to RM103.3 million, equivalent to 68.5% of the Group's net profit for the financial year, exceeding the Group's dividend policy of a minimum 25% payout ratio.

OUTLOOK AND PROSPECTS

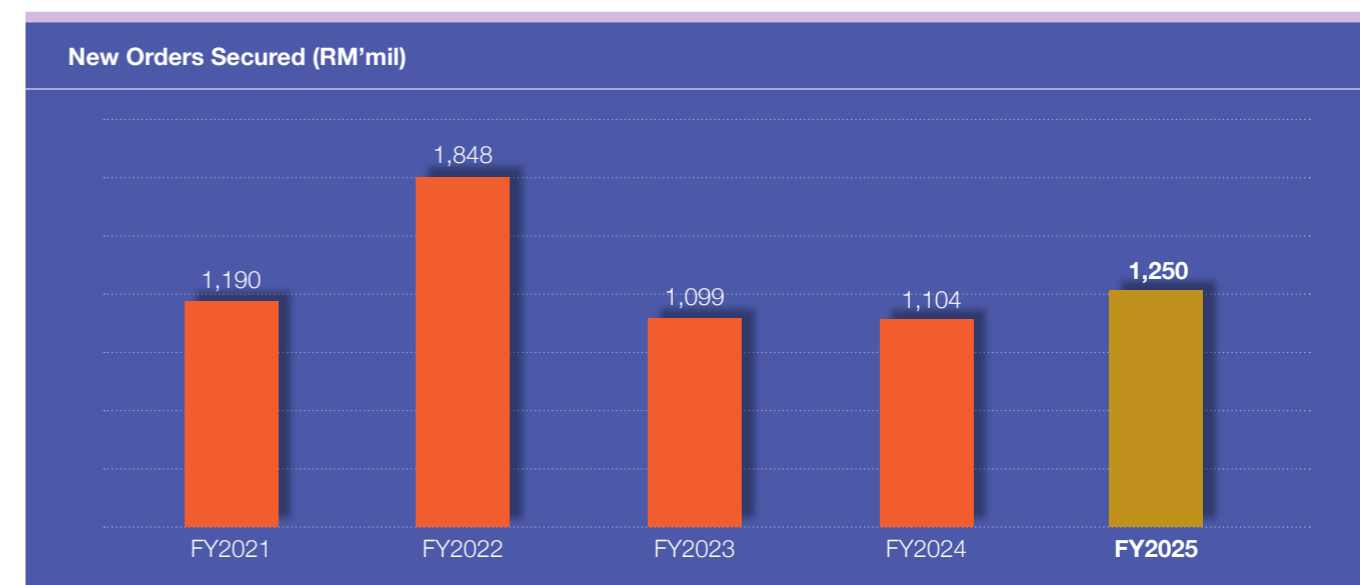
According to the International Monetary Fund's World Economic Outlook, the global economy is projected to remain resilient at 3.3% in 2026 and 3.2% in 2027. The outlook reflects a balance between headwinds from shifting trade policies and tailwinds from robust technology related investment, particularly in AI, alongside resilient private sector activity.

According to the International Monetary Fund's World Economic Outlook, the global economy is projected to remain resilient at 3.3% in 2026 and 3.2% in 2027. The outlook reflects a balance between headwinds from shifting trade policies and tailwinds from robust technology related investment, particularly in AI, alongside resilient private sector activity.

However, downside risks persist, including financial market volatility, geopolitical tensions and elevated public debt levels that may tighten financial conditions. Notwithstanding these uncertainties, the rapidly growing AI related investment and ongoing adjustments in global trade and supply chains could provide additional support to global growth in the medium term.

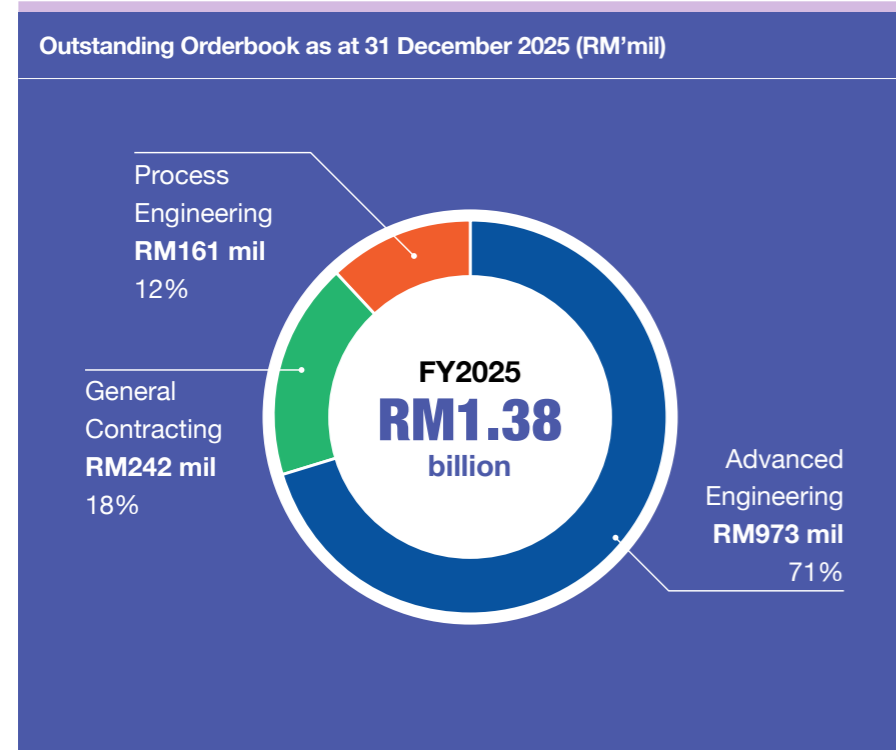
Against this backdrop, the Group remains focused on enhancing operational efficiency and maintaining disciplined project selection, prioritising opportunities that deliver stronger margins and sustainable returns. Kelington will also continue to exercise prudent cash management to preserve financial flexibility for growth while delivering value to shareholders. At the same time, emphasis remains on high quality project execution and strengthening long standing relationships with customers, reinforcing the Group's position in a dynamic operating environment.

In FY2025, the Group maintained strong order book replenishment momentum, securing RM1.3 billion in new contract wins and exceeding its target of at least RM1.0 billion in new contracts annually.



OUTLOOK AND PROSPECTS

In line with these new contract wins, the Group's total outstanding order book stood at RM1.4 billion as at 31 December 2025, providing strong earnings visibility in the near term.



The Advanced Engineering segment remained the primary contributor, accounting for RM973 million or 71% of the total outstanding order book. This segment typically delivers higher margins due to its specialised engineering capabilities and higher value-added scope of work. Its sustained performance is expected to support the Group's overall profitability while reinforcing its position within the semiconductor industry.



This was followed by General Contracting, which contributed RM242 million or 18%, while Process Engineering made up the remaining RM161 million or 12%.

In addition, the Group's tender book reached RM4.6 billion as at 31 December 2025, marking the highest level recorded to date and reflecting a substantial pipeline of opportunities ahead.

These opportunities are predominantly driven by increasing emphasis on supply chain resilience and technological sovereignty. Governments across major economies such as Europe, Japan, China and India are accelerating investments in domestic semiconductor manufacturing capacity to reduce reliance on external sources. This has led to the development of new semiconductor fabrication facilities and expansion of existing manufacturing ecosystems, creating sustained demand across the semiconductor supply chain.

In tandem with these developments, the Group continues to strengthen its international presence to capture emerging opportunities. During FY2025, Kelington secured its first project in Dresden, Germany, marking a significant milestone in expanding its footprint into Europe.

In early 2026, the Group has also established an initial presence in India to deliver a turnkey gas distribution system for a semiconductor wafer fabrication facility in Gujarat, India, with total wins amounting to USD115.4 million (approximately RM455.0 million). The Group is currently engaged in active discussions to further scale its operations in the region.

OUTLOOK AND PROSPECTS

Through these initiatives, Kelington is positioned as a first mover in driving sustainable and low-carbon technologies in Malaysia, reinforcing its role as a trusted partner for industries navigating the energy transition.



In parallel, Kelington is strengthening its Sustainable Engineering segment in line with the transition towards a lower carbon economy. Malaysia has committed to achieving net zero greenhouse gas emissions by 2050, supported by national initiatives such as the National Energy Transition Roadmap ("NETR") and the anticipated implementation of a carbon tax framework.

Within this environment, demand for sustainable engineering solutions including CCUS, green hydrogen, and bio-CNG is expected to accelerate as industrial players seek to reduce emissions and adopt cleaner energy systems. Leveraging its strong market presence and deep technical know-how, the Group has partnered with industry leaders and academic institutions jointly study and develop advanced sustainable solutions aimed at addressing carbon emissions and supporting the energy transition.

Through these initiatives, Kelington is positioned as a first mover in driving sustainable and low-carbon technologies in Malaysia, reinforcing its role as a trusted partner for industries navigating the energy transition.

During the financial year, the Group undertook a leadership transition with the appointment of Mr. Lim Seng Chuan as Chief Executive Officer ("CEO"). This formalises the separation of the Chairman and CEO roles, strengthening governance and enhancing oversight. This structure shall support clearer leadership focus and more effective execution of the Group's growth strategy.

Overall, the Group remains optimistic about its long-term prospects, underpinned by structural AI and digitalisation trends that continue to drive the expansion of semiconductor facilities. The Group remains focused on prioritising projects with stronger margin profiles, while pursuing opportunities in emerging areas such as sustainable engineering.

SUSTAINABILITY STATEMENT

Beginning in FY2025, Kelington has issued a standalone Sustainability Report to provide more comprehensive disclosures on the Group’s sustainability strategy, governance framework, management approaches, and performance across environmental, social and governance (“ESG”) matters.

This Sustainability Statement provides an overview of the Group’s sustainability governance, strategic priorities, key risks and opportunities, and selected key performance indicators. Detailed sustainability disclosures, including environmental and social performance data, targets, and methodologies, are presented in the FY2025 Sustainability Report, which should be read together with this Annual Report.

In addition, the Group’s IFRS S1 and S2-aligned disclosures are submitted through the Bursa Malaysia Centralised Sustainability Intelligence (“CSI”) platform. The Bursa Malaysia Prescribed Table is available as a supplementary reference and should be read in conjunction with this Sustainability Statement and the FY2025 Sustainability Report to provide a complete view of the Group’s sustainability-related disclosures.

Independent Assurance Approach and Readiness

In accordance with Paragraph 6.2 of Practice Note 9 of the Main Market Listing Requirements, the Group recognises the importance of robust ESG data governance and validation processes. As part of its ongoing efforts to strengthen sustainability reporting, the Group has adopted the Pantas platform to support structured, consistent, and traceable ESG data collection across the Group, including emissions data.

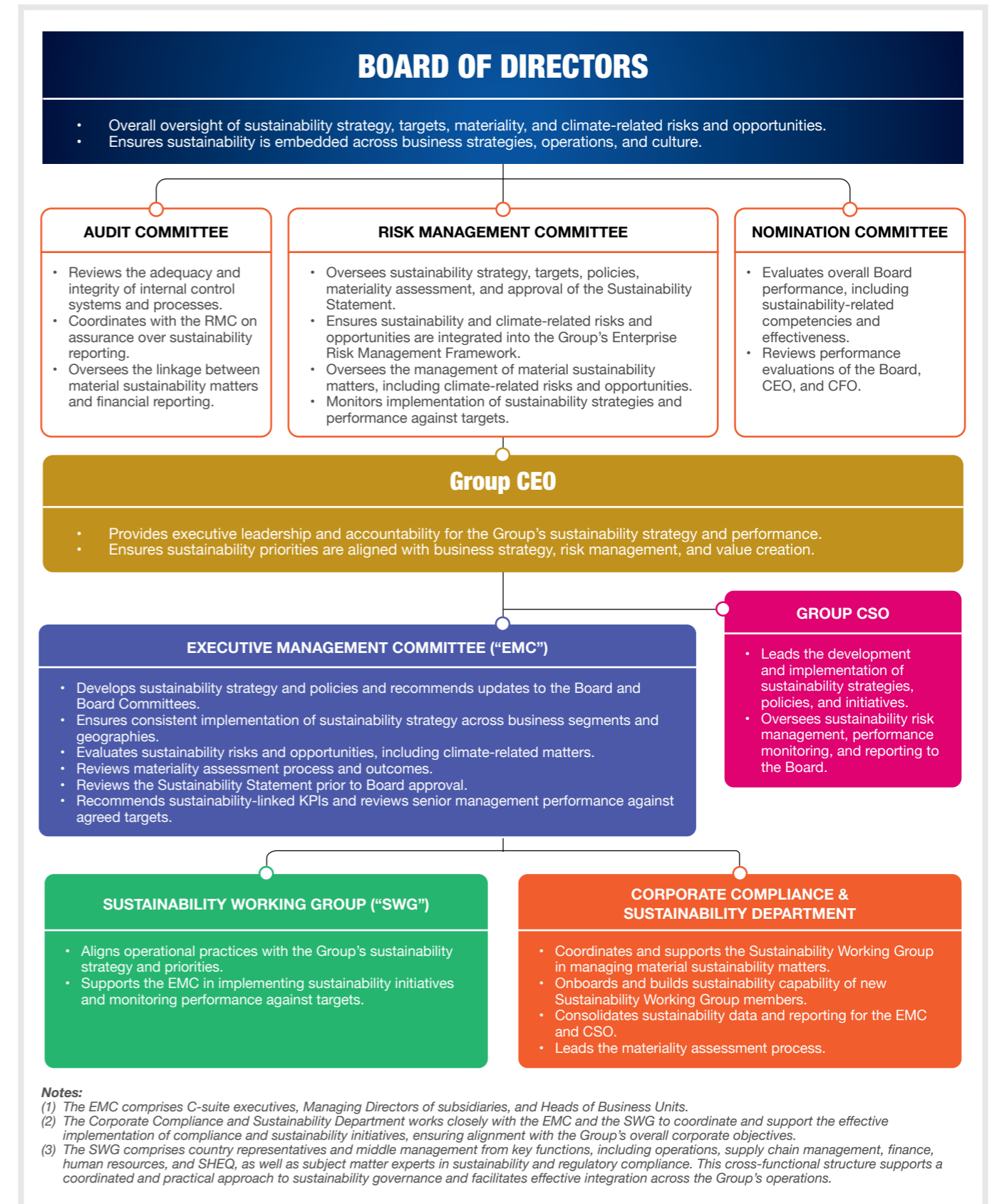
To enhance the credibility and reliability of its sustainability disclosures, the Group has established a phased approach towards obtaining independent assurance in line with recognised assurance standards. This includes strengthening internal controls, implementing defined data ownership and review procedures, and conducting management-level reviews of key sustainability metrics. These measures have positioned the Group to be ready for independent assurance of emissions data, subject to the scope and timing determined by management.

In line with Paragraph 7.1(a) of the Bursa Malaysia Sustainability Reporting Guidelines, the Sustainability Statement is progressively aligning with assurance best practices. While this Sustainability Statement/Report has not been externally assured, it has undergone internal review and validation, including review by the Chief Executive Officer, Chief Sustainability Officer, and the Sustainability Working Group, prior to submission to the Board of Directors.

The Group remains committed to progressively expanding assurance coverage in future reporting periods to enhance transparency and strengthen stakeholder confidence in its sustainability reporting.

SUSTAINABILITY STATEMENT

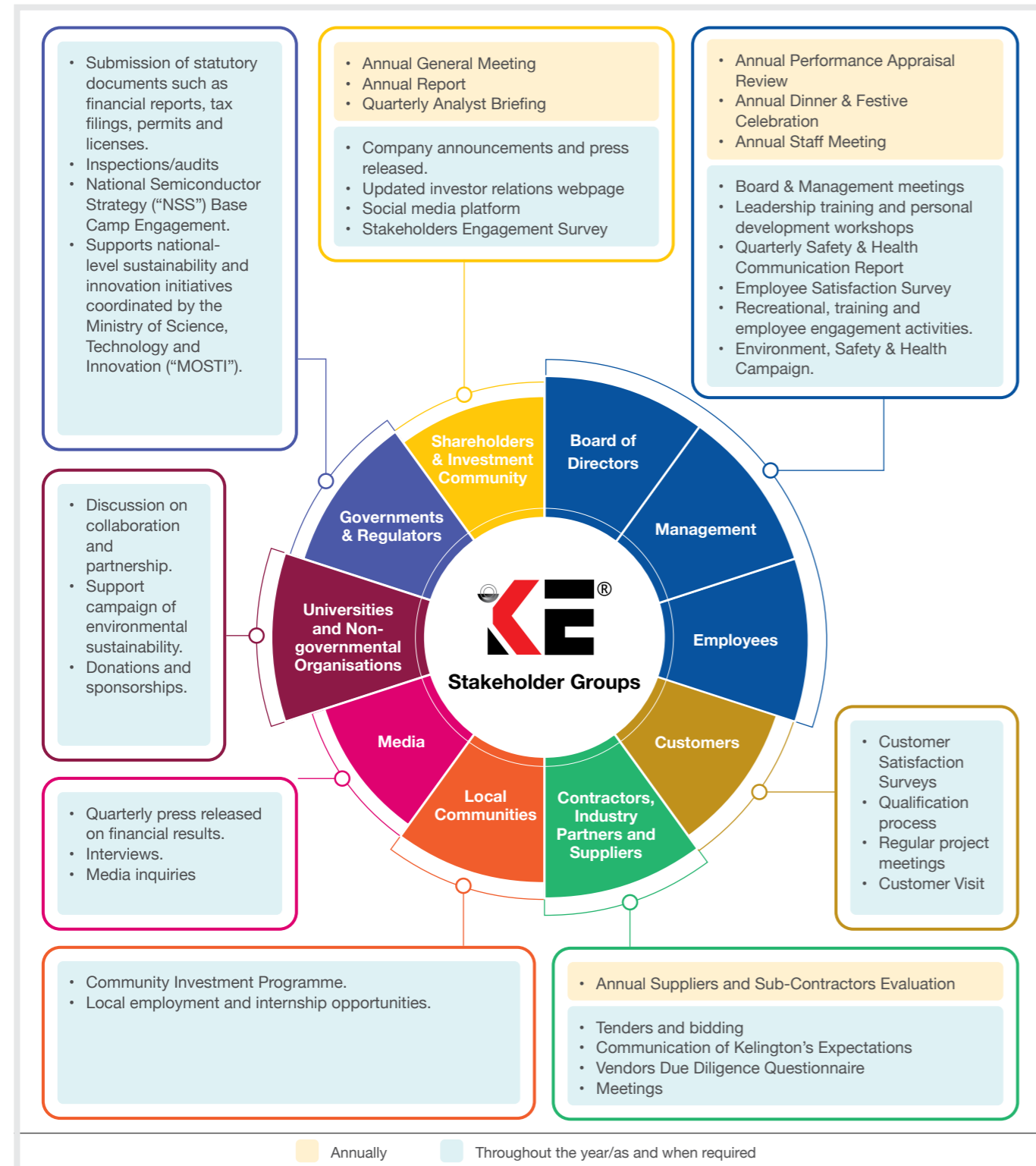
Sustainability Governance



SUSTAINABILITY STATEMENT

Stakeholder Engagement

To identify, assess and manage risks arising from stakeholder-related issues, the Group leverages its Enterprise Risk Management (“ERM”) framework, which is embedded across core activities, initiatives and processes. Kelington addresses material issues prioritised by its stakeholders by strengthening risk identification and mitigation measures, enhancing internal capabilities, and integrating stakeholder considerations into business planning and decision-making.



SUSTAINABILITY STATEMENT



GOAL 1 : LOW CARBON TRANSITION & GREEN GROWTH

Kelington Group recognises that the transition to a low-carbon economy presents both risks and opportunities for long-term value creation. In response to increasing regulatory, customer and stakeholder expectations, Kelington focuses on reducing its environmental footprint, improving energy efficiency and expanding green revenue opportunities, while progressing towards its net zero ambition.

Sustainability Issues	Global Risks	Key Risks	Key Opportunities
<ul style="list-style-type: none"> Climate change mitigation and decarbonisation. Greenhouse gas (“GHG”) emissions management. Energy efficiency and energy management. Renewable energy adoption and low-carbon technologies. Green revenue and sustainable engineering solutions. Climate transition readiness and resilience. 	<ul style="list-style-type: none"> Climate change and extreme weather events disrupting operations and supply chains. Transition risks arising from tightening climate policies, carbon pricing and emissions regulations. Energy price volatility affecting operating costs and project margins Market shifts towards low-carbon solutions impacting customer demand and competitiveness. Technology transition risk, including pace of adoption and maturity of low-carbon technologies. 	<ul style="list-style-type: none"> Increased regulatory and compliance costs arising from evolving climate-related policies and reporting requirements. Exposure to energy price volatility impacting operating costs and project margins. Potential loss of competitiveness if low-carbon solutions and capabilities do not keep pace with market expectations. Capital investment requirements for decarbonisation initiatives affecting short-term financial performance. 	<ul style="list-style-type: none"> Growth in green revenue through demand for low-emissions and energy-efficient engineering solutions. Cost savings and improved operational efficiency from energy optimisation and renewable energy adoption. Enhanced market positioning and competitiveness as a trusted low-carbon engineering partner. Long-term resilience through reduced exposure to future carbon pricing and transition risks.

ESG Factors:

Environment, Economic

SDG Alignment:



Stakeholders:

Board of Directors, Management, Employees, Customers, Shareholders & Investment Community, Contractors/Industry Partners/Suppliers, Government and Regulators, Media, NGOs and local Communities

STAKEHOLDER PRIORITIES AND CONCERNS:

- Reduction of greenhouse gas emissions and progress towards net zero ambitions.
- Availability of cost-effective and economically viable low-carbon engineering solutions that do not compromise project performance or reliability.
- Compliance with evolving climate-related regulations and reporting requirements.
- Adoption of energy-efficient and low-carbon technologies.
- Management of energy costs and exposure to energy price volatility.
- Availability of credible, measurable green solutions and outcomes.
- Transparency and reliability of climate-related disclosures and targets.
- Employee capability development through participation in research and development activities, new projects and strategic partnerships.

OUR RESPONSES:

- Implement energy efficiency measures and a phased transition plan to support emissions reduction and net zero ambitions.
- Deliver cost-effective, reliable low-carbon engineering solutions aligned with customer and project requirements.
- Strengthen governance, data management and controls to comply with evolving climate-related regulations and reporting standards.
- Integrate energy-efficient and low-carbon technologies into project planning and execution.
- Manage energy costs and exposure to price volatility through operational optimisation.
- Provide technically credible and measurable low-carbon solutions, supported by transparent and reliable disclosure of environmental performance.
- Build employee capabilities through hands-on involvement in R&D, new projects and strategic partnerships.

DEEP DIVE SUSTAINABILITY TOPICS :



- ST1** Preventing Climate Change
- ST12** Technology & Innovation
- ST3** Resources Management
- ST13** Resilient Growth & Value Creation

SUSTAINABILITY STATEMENT

K4 GOAL 2 : WORKFORCE RESILIENCE & INCLUSIVE DEVELOPMENT

A resilient, skilled and engaged workforce is critical to Kelington’s operational excellence and long-term growth. The Group is committed to fostering a safe, inclusive and supportive workplace by investing in employee well-being, continuous learning and fair labour practices, while building the capabilities needed to meet evolving business and technological demands.

Sustainability Issues	Global Risks	Key Risks	Key Opportunities
<ul style="list-style-type: none"> Talent attraction, retention and succession planning. Workforce skills development and capability building. Occupational health, safety and well-being. Diversity, equity and inclusion. Fair labour practices and human rights. Employee engagement and organisational culture. 	<ul style="list-style-type: none"> Global talent shortages, particularly in engineering and technical roles. Skills gaps driven by rapid technological change and digitalisation. Demographic shifts and workforce ageing affecting labour availability. Rising expectations on workplace well-being, inclusion and flexibility. Heightened scrutiny on labour practices and human rights across global value chains. 	<ul style="list-style-type: none"> Difficulty attracting and retaining skilled talent, impacting project delivery and growth. Insufficient skills development limiting innovation and adoption of new technologies. Workplace safety incidents affecting employee well-being, productivity and reputation. Non-compliance with labour standards or human rights expectations. Failure to meet stakeholder expectations on diversity, inclusion and employee well-being. 	<ul style="list-style-type: none"> Enhanced productivity, innovation and project execution through a skilled and engaged workforce. Improved retention and succession readiness through structured learning and development. Stronger organisational resilience and collaboration through inclusive workplace practices. Attraction of diverse talent by offering a safe, inclusive and empowering work environment. Strengthened employer brand and stakeholder trust. Long-term organisational resilience supported by a future-ready workforce.

ESG Factors: Social	SDG Alignment: 	Stakeholders: Board of Directors, Management, Employees, Customers, Shareholders & Investment Community, Industry Partners, Government and Regulators, Media, NGOs and local Communities
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STAKEHOLDER PRIORITIES AND CONCERNS:

- Employee health, safety and overall well-being.
- Availability of skills development, training and career progression opportunities.
- Fair labour practices, respect for human rights and compliance with labour standards.
- An inclusive, diverse and respectful workplace culture.
- Talent attraction, retention and succession planning.
- Employee engagement, morale and job satisfaction.

OUR RESPONSES:

- Promote employee health, safety and well-being through established occupational health and safety systems and employee support initiatives.
- Invest in workforce capability development through structured training, on-the-job learning, and exposure to R&D activities, new projects and strategic partnerships.
- Uphold fair labour practices and respect for human rights through policies, codes of conduct and compliance with applicable labour standards.
- Foster an inclusive and respectful workplace culture that supports diversity, equal opportunity and employee engagement.
- Strengthen talent attraction, retention and succession planning to support long-term business continuity and growth.
- Engage employees regularly to understand concerns, gather feedback and improve workplace practices.

DEEP DIVE SUSTAINABILITY TOPICS :

- Occupational Safety & Health
- Talent Management & Development
- Diverse and Inclusive Workplace
- Respect Human Rights

SUSTAINABILITY STATEMENT

K4 GOAL 3 : SUSTAINABLE & INNOVATIVE ENGINEERING SOLUTIONS

Innovation and engineering excellence are central to Kelington’s value proposition. The Group strives to deliver sustainable, high-quality and reliable engineering solutions by integrating sustainability considerations into design and execution, strengthening technical capabilities, and leveraging innovation to meet changing customer and market needs.

Sustainability Issues	Global Risks	Key Risks	Key Opportunities
<ul style="list-style-type: none"> Innovation in engineering design and project delivery. Integration of sustainability considerations into engineering solutions. Development of low-emissions and resource-efficient technologies, including carbon capture, utilisation and storage (“CCUS”) solutions and greenhouse gas (“GHG”) reduction systems. Product and service quality, reliability and safety. 	<ul style="list-style-type: none"> Rapid technological change increasing the risk of obsolescence. Intensifying competition for advanced engineering and sustainable solutions. Rising customer expectations for sustainable, high-performance engineering outcomes. Global shortage of skilled technical talent across engineering and specialised supply chains. Supply chain disruptions affecting access to critical materials and technologies. 	<ul style="list-style-type: none"> Inability to keep pace with technological innovation, reducing competitiveness. Project execution risks affecting quality, safety, cost and timelines. Failure to meet sustainability or performance expectations, impacting customer trust. Exposure to contractual or liability risks if solution performance does not meet specifications. 	<ul style="list-style-type: none"> Increased demand for innovative, sustainable engineering solutions from semiconductor and industrial clients. Expansion into new markets and applications through differentiated engineering capabilities. Strengthening technical leadership through R&D, digitalisation and advanced engineering. Collaboration with technology partners to accelerate innovation and solution development. Enhanced project margins through value-added, high-performance solutions. Long-term resilience through continuous innovation and adaptability to market changes.

ESG Factors: Economic, Environment, Governance	SDG Alignment: 	Stakeholders: Board of Directors, Management, Employees, Customers, Shareholders & Investment Community, Contractors/Industry Partners/Suppliers, Government & Regulators
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STAKEHOLDER PRIORITIES AND CONCERNS:

- Availability of skilled and qualified technical talent to support project execution and operational continuity.
- Reliability and capability of suppliers, contractors and partners amid talent shortages.
- Project quality, safety and performance risks arising from insufficient technical expertise.
- Timely delivery of projects and services despite labour and skills constraints.
- Workforce development, training and knowledge transfer within the supply chain.
- Long-term resilience of the supply chain in the face of global skills shortages.

OUR RESPONSES:

- Strengthen supplier and contractor selection processes by incorporating capability, competency and safety requirements.
- Invest in workforce and supplier capability development through training, knowledge-sharing and collaboration on projects.
- Build strategic partnerships with technology providers, contractors and institutions to access specialised technical expertise.
- Develop internal technical capabilities to reduce reliance on external skill availability and enhance project resilience.
- Monitor supply chain risks through the Group’s enterprise risk management framework and implement mitigation actions where necessary.

DEEP DIVE SUSTAINABILITY TOPICS :



- Preventing Climate Change
- Resilient Growth & Value Creation
- Talent Management & Development
- Sustainable Supply Chain
- Quality Products & Services
- Technology & Innovation

SUSTAINABILITY STATEMENT

K4 GOAL 4 : RESPONSIBLE SUPPLY CHAIN, CYBERSECURITY & ETHICS

Kelington recognises the importance of responsible business conduct, resilient supply chains and robust cybersecurity in maintaining stakeholder trust and operational continuity. The Group is committed to ethical practices, responsible sourcing, effective third-party risk management and the protection of systems and data across its operations and value chain.

Sustainability Issues	Global Risks	Key Risks	Key Opportunities
<ul style="list-style-type: none"> Responsible sourcing and supplier ESG management. Supply chain resilience, continuity and transparency. Cybersecurity, data protection and information security. Ethical business conduct, anti-corruption and compliance. Human rights and labour standards in the supply chain. Third-party risk management and due diligence. 	<ul style="list-style-type: none"> Geopolitical tensions and trade restrictions disrupting global supply chains. Rising cyber threats, including ransomware, data breaches and system disruptions. Increased regulatory scrutiny on supply chain due diligence, data protection and business ethics. Complex, multi-tier supply chains reducing visibility and control. Reputational risks from unethical practices or supplier misconduct. 	<ul style="list-style-type: none"> Disruptions caused by supplier non-compliance, capacity constraints or geopolitical events. Limited visibility over upstream suppliers increasing ESG and operational risks. Cyber incidents affecting systems availability, data confidentiality and business continuity. Third-party cybersecurity vulnerabilities impacting the Group's operations. Exposure to bribery, corruption or unethical conduct by employees or third parties. Non-compliance with data protection or labour regulations. 	<ul style="list-style-type: none"> Strengthened supply chain resilience through responsible sourcing and supplier engagement. Enhanced stakeholder trust and reputation through strong ethics and compliance practices. Reduced operational disruptions through improved third-party risk assessment and monitoring. Improved cybersecurity posture protecting critical systems and sensitive information. Differentiation as a trusted and responsible engineering partner. Improved access to customers, projects and markets with strong ESG and cybersecurity expectations.

ESG Factors: Social, Governance	SDG Alignment:  	Stakeholders: Board of Directors, Management, Employees, Customers, Shareholders & Investment Community, Contractors/Industry Partners/Suppliers, Government & Regulators, Local Communities
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STAKEHOLDER PRIORITIES AND CONCERNS:

- Ethical business conduct and zero tolerance for corruption.
- Responsible sourcing and supplier compliance with ESG, labour and human rights standards.
- Supply chain reliability, resilience and transparency.
- Protection of data, systems and intellectual property from cyber threats.
- Compliance with data protection and regulatory requirements.
- Effective management of third-party and cybersecurity risks.

OUR RESPONSES:

- Implement and enforce codes of conduct, anti-corruption policies and ethical compliance requirements across the Group.
- Integrate ESG, labour, human rights and cybersecurity criteria into supplier selection, assessment and monitoring processes.
- Strengthen supply chain resilience through supplier engagement, risk assessment and diversification where appropriate.
- Maintain cybersecurity governance, controls and incident response measures to protect systems, data and business continuity.
- Monitor regulatory developments and enhance internal controls to support compliance with applicable laws and standards.
- Manage third-party risks through the Group's enterprise risk management framework, with regular review and oversight.

DEEP DIVE SUSTAINABILITY TOPICS :


-  ST2 Pollution and Waste Management
-  ST8 Respect Human Rights
-  ST9 Sustainable Supply Chain
-  ST10 Governance & Ethics
-  ST12 Technology & Innovation

SUSTAINABILITY STATEMENT

K4 GOAL 5 : INCLUSIVE COMMUNITY DEVELOPMENT & PARTNERSHIPS

The Group believes that long-term business success is closely linked to the well-being of the communities in which it operates. Through inclusive engagement and long-term partnerships, Kelington supports community initiatives focused on education, health and social development, contributing to sustainable and inclusive growth.

Sustainability Issues	Global Risks	Key Risks	Key Opportunities
<ul style="list-style-type: none"> Community engagement and stakeholder relationships. Access to education, skills development and employability. Health, safety and well-being of local communities. Social inclusion and support for vulnerable groups. Responsible business conduct and social impact management. Long-term partnerships with community organisations and institutions. 	<ul style="list-style-type: none"> Socio-economic inequalities affecting community well-being and social cohesion. Skills gaps and youth unemployment impacting long-term workforce readiness. Public health risks affecting communities and operations. Rising expectations on corporate social responsibility and social impact. Loss of social licence to operate due to inadequate community engagement. 	<ul style="list-style-type: none"> Community opposition or disengagement affecting project execution or operations. Failure to meet regulatory or stakeholder expectations related to community impact. Reputational damage arising from ineffective or poorly targeted community programmes. 	<ul style="list-style-type: none"> Positive social outcomes through education, health and social initiatives. Stronger community relationships and trust through sustained engagement. Development of future talent through education and skills-based programmes. Enhanced corporate reputation and social licence to operate. Long-term value creation through trusted community partnerships.

ESG Factors: Social	SDG Alignment:   	Stakeholders: Employees, Shareholders & Investment Community, Government & Regulators, Local Communities, Universities and NGOs
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STAKEHOLDER PRIORITIES AND CONCERNS:

- Meaningful and inclusive community engagement.
- Access to education, training and employment opportunities.
- Health, safety and well-being support.
- Transparency on social initiatives and outcomes.
- Long-term commitment rather than short-term contributions.

OUR RESPONSES:

- Engage communities through structured dialogue and long-term partnerships with educational, social and non-profit organisations.
- Support community programmes focused on education, skills development, health and social well-being.
- Monitor and review community initiatives to ensure relevance, effectiveness and responsible use of resources.
- Encourage employee participation and volunteering to strengthen community engagement.

DEEP DIVE SUSTAINABILITY TOPICS :

-  ST4 Support Biodiversity
-  ST14 Community Investment

OUR VALUE CREATION

PROCESS

INPUTS

- F FINANCIAL CAPITAL**
 - Shareholders' funds **RM613.6 million**
 - Fixed deposits & bank balances **RM405.4 million**
 - Retained profits **RM305.9 million**
 - Total assets **RM1.4 billion**
- M MANUFACTURED CAPITAL**
 - 5** Industrial Gas Plants
 - 1** Dry Ice Plant
 - 1** Equipment manufacturing facilities
- I INTELLECTUAL CAPITAL**
 - 26** years of industry experience.
 - Trade secrets & engineering know-how
 - Process design & system integration
 - Software, digital tools & control systems
- H HUMAN CAPITAL**
 - >800** employees
 - RM500,000** investment in training & development
- S SOCIAL CAPITAL**
 - 2,188** Suppliers and Contractors
 - Shared values, norms, outlook in life
 - Government agencies & NGOs
 - RM26,000** community investment
- N NATURAL CAPITAL**
 - 77,955 m³** water consumption
 - 23,382 MWh** electricity consumption
 - Minerals and metals as essential components of project materials

VALUE CREATION PROCESS

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

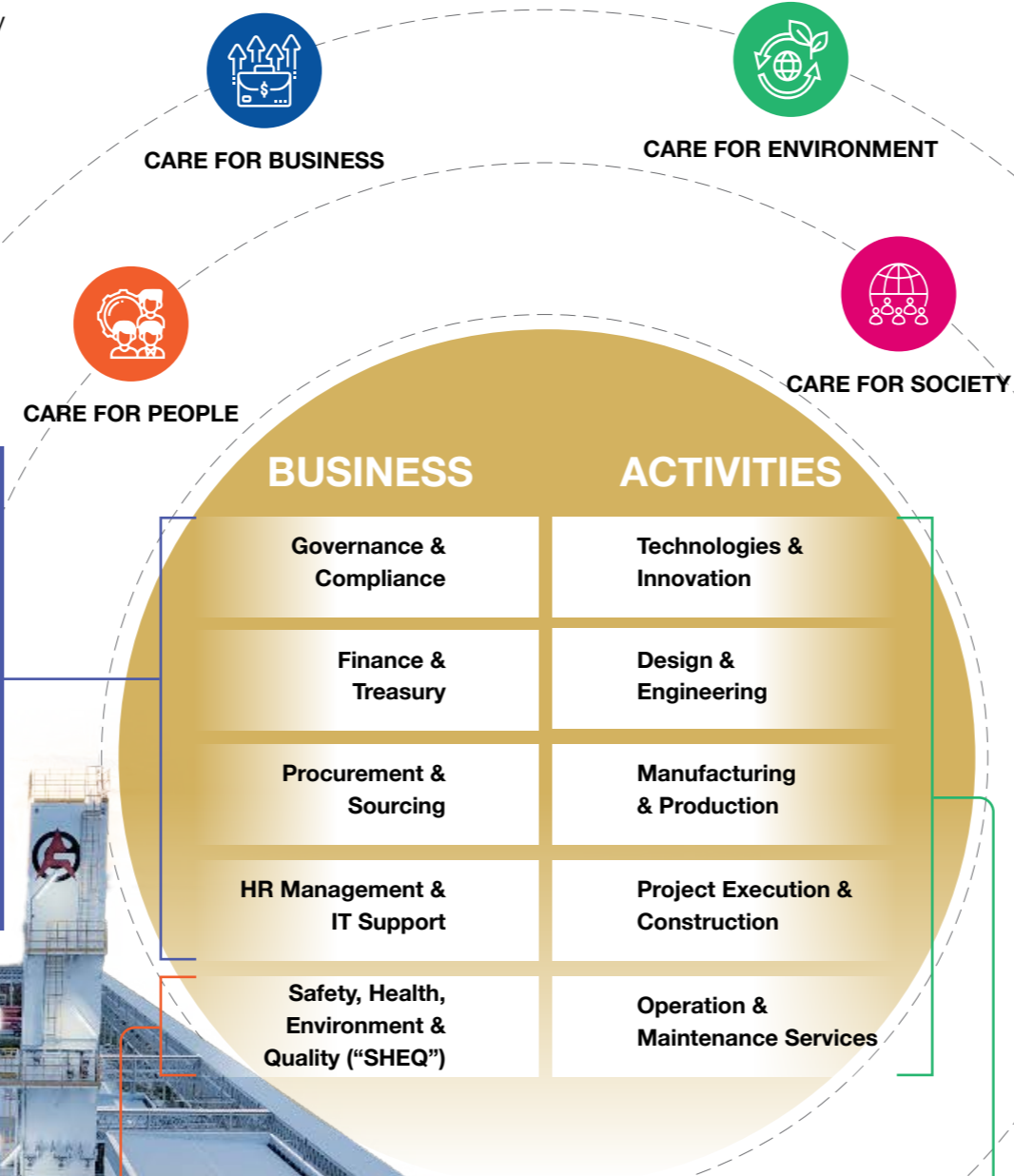
MISSION
Cultivate Kelington as a profitable organisation that is continuously investing in new technology, delivering world-class quality services and engineering solutions to meet our customers' requirements while prioritising safety and cost-effectiveness

Governance Opportunities: Strong ESG governance — including transparent reporting, anti-corruption controls, board diversity, ethical sourcing, and robust IT and cybersecurity — enhances compliance, data protection, operational resilience, investor confidence, and long-term value creation.

Governance Risks: Non-compliance, bribery and corruption, supply chain ethical breaches, and IT or cybersecurity incidents may lead to regulatory penalties, operational disruption, data breaches, reputational damage, and loss of stakeholder trust.

Social Opportunities: A diverse, skilled, and engaged workforce, strong labour practices, responsible supply chains, and active community engagement enhance productivity, talent retention, and long-term value creation.

Social Risks: Workplace safety incidents, human rights violations, and adverse community impacts may lead to operational disruption, legal liabilities, reputational damage, and loss of stakeholder trust.



Environmental Opportunities: Low-carbon technologies, energy transition initiatives, sustainable design, and resource efficiency drive emissions reduction, cost optimisation, and long-term value creation.

Environmental Risks: Climate change impacts, carbon regulations, energy inefficiency, pollution, and ineffective waste management may disrupt operations, increase costs, and lead to regulatory and reputational risks.

CREATING VALUE FOR STAKEHOLDERS & THE ENVIRONMENT

- OUTPUTS**
 - SHAREHOLDERS & INVESTMENT COMMUNITY**
 - Revenue: **RM1.3 billion**
 - PBT: **RM190.1 million**
 - PAT: **RM151.0 million**
 - Fixed deposits & bank balances: **RM405.4 million**
 - NATURE & ENVIRONMENT**
 - Diverted **77%** of waste from disposal.
 - 111,348** tonnes carbon captured and utilised
 - 8.7%** Revenue derived from green and low-emissions engineering solutions.
 - 200** trees planted
 - CUSTOMERS**
 - Customer satisfaction rate: **92%**
 - EMPLOYEES**
 - Zero work-related fatalities
 - Employee satisfaction rate: **82%**
 - Average **17** hours training hours/employee
 - Total **14,577** training hours
 - INDUSTRY PARTNERS / EXTERNAL PROVIDERS**
 - 94%** Local sourcing
 - Sustainability and ethical expectations communicated to **100%** of key suppliers.
 - GOVERNMENT / REGULATORS**
 - Tax contributions **RM33.2 million**
 - >800** job opportunities created
 - UNIVERSITIES & NGO**
 - Offering **26** internships
 - LOCAL COMMUNITIES**
 - Total beneficiaries from our community investment programme: **17**
 - MEDIA**
 - Issued **9** press releases, resulting in media coverage across key platforms
- OUTCOMES**
 - Sustainable financial performance and long-term growth potential.
 - Enhanced shareholder value and share price performance.
 - Stable dividend returns.
 - Strong corporate governance and ethical business practices.
 - Effective risk management and internal control framework.
 - Reduced carbon emissions and waste generation.
 - Delivery of engineering-led sustainable solutions to minimise environmental impact.
 - Value engineering to enhance resource efficiency and sustainability outcomes.
 - Customised solutions tailored to the specific needs of semiconductor and biotechnology manufacturing facilities.
 - Reliable and timely delivery of UHP gas and chemical delivery systems.
 - Provide reliable industrial gases and on-site gas supply solutions to support customers' operations.
 - Competitive remuneration and comprehensive benefits.
 - Flexible work arrangements to support well-being and productivity.
 - Career development, training, and growth opportunities.
 - Safe, healthy, and positive working environment.
 - Recognition and reward for performance and contributions.
 - Innovation through collaboration and strategic partnerships.
 - Fair and timely payment practices.
 - Transparent communication to build long-term, trusted relationships.
 - Continuous development of a resilient and responsible supply chain.
 - Contribution to economic growth and government tax revenues.
 - Support for national and local environmental and sustainability objectives.
 - Compliance with regulatory requirements and standards, contributing to societal well-being.
 - Collaboration on research projects, internships, and knowledge-sharing initiatives.
 - Provision of graduate employment and industry exposure opportunities.
 - Employee participation in corporate social responsibility initiatives.
 - Proactive support for the transition to a low-carbon economy, contributing to stronger, healthier, and more resilient communities.
 - Promotion of social justice and fair labour practices through ethical supply chain management.
 - Timely, accurate, and transparent communication on corporate developments.
 - Sharing industry insights, expert perspectives, and thought leadership.

SUSTAINABILITY STATEMENT

Our K4 Framework for Sustainable Value Creation

Sustainability Vision

Kelington's Sustainability vision is to engineer innovative solutions that build a sustainable society for future generations while creating long-term value. Sustainability is embedded across the Group's strategy, decision-making, and daily operations.



Together, these pillars provide a holistic view of how sustainability is integrated across the Group's business model and value chain. Each K4 pillar is guided by defined goals to drive implementation and value creation.

Our Commitments

Under each K4 pillar, Kelington defines clear commitments that guide actions, policies, and initiatives. These commitments set the direction for managing key environmental, social, and governance matters, and reflect the Group's priorities, risk profile, and stakeholder expectations.

Value Creation

The K4 commitments are designed to deliver value for a broad range of stakeholders. By addressing sustainability risks and opportunities, Kelington strengthens operational resilience, supports growth opportunities, enhances stakeholder trust, and contributes to long-term enterprise value while generating positive outcomes for society and the environment.

Managing Sustainability Matters

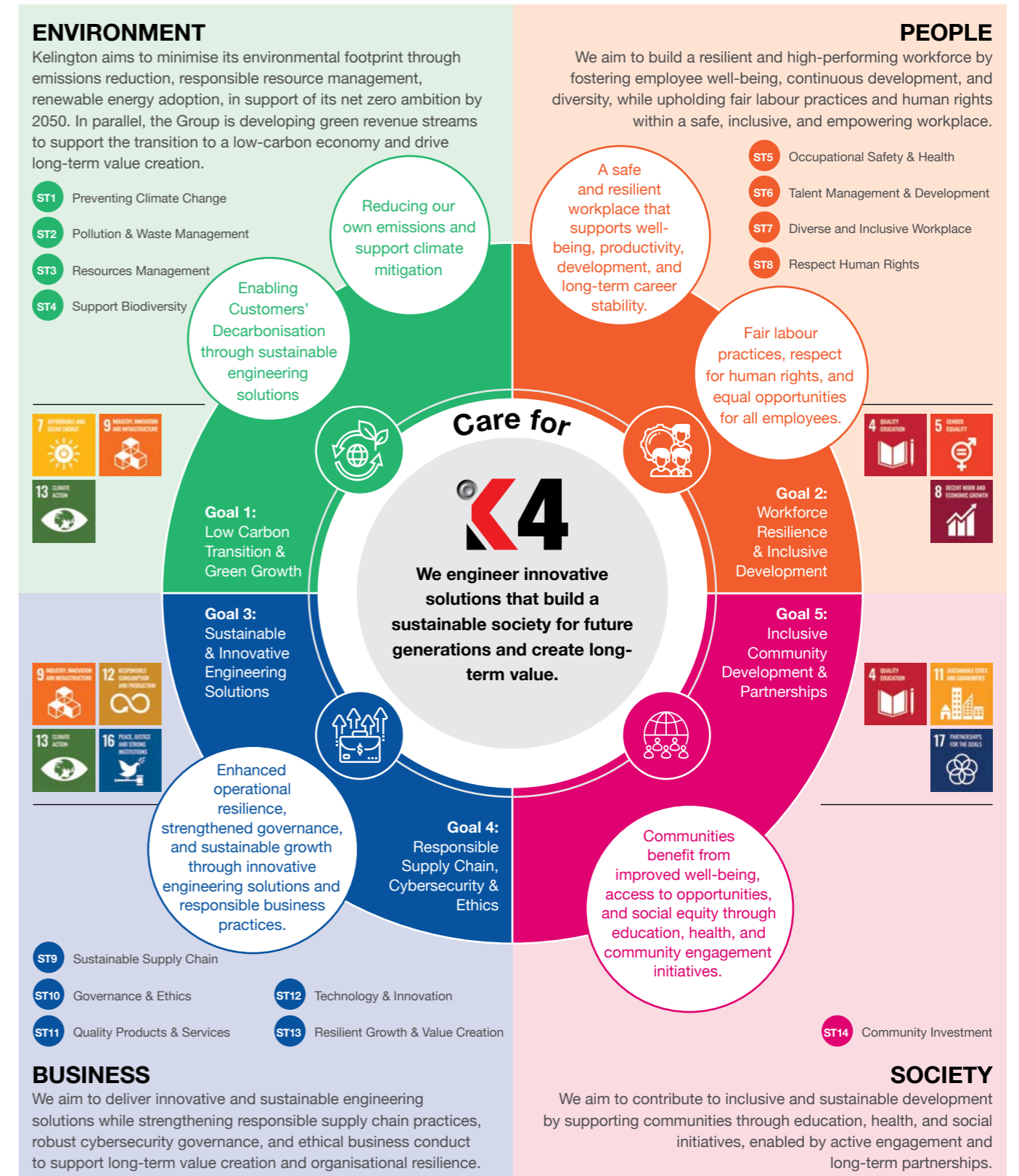
The K4 Framework supports the systematic identification, assessment, and management of material sustainability matters. Targets, performance indicators, and governance processes are established to monitor progress, manage impacts, and drive continuous improvement, in line with Bursa Malaysia and IFRS Sustainability Disclosure Standards (S1 and S2).

Alignment with UNSDGs and UN Global Compact

Kelington's sustainability commitments and initiatives under the K4 Framework are aligned with the United Nations Sustainable Development Goals ("UNSDGs") and the United Nations Global Compact ("UNGC") principles. This alignment ensures that the Group's sustainability efforts contribute to globally recognised goals on human rights, labour, environment, and anti-corruption, while supporting responsible and sustainable growth.

SUSTAINABILITY STATEMENT

K4 FRAMEWORK – From Sustainability Vision to Value Creation



SUSTAINABILITY STATEMENT

Financial Materiality Matrix

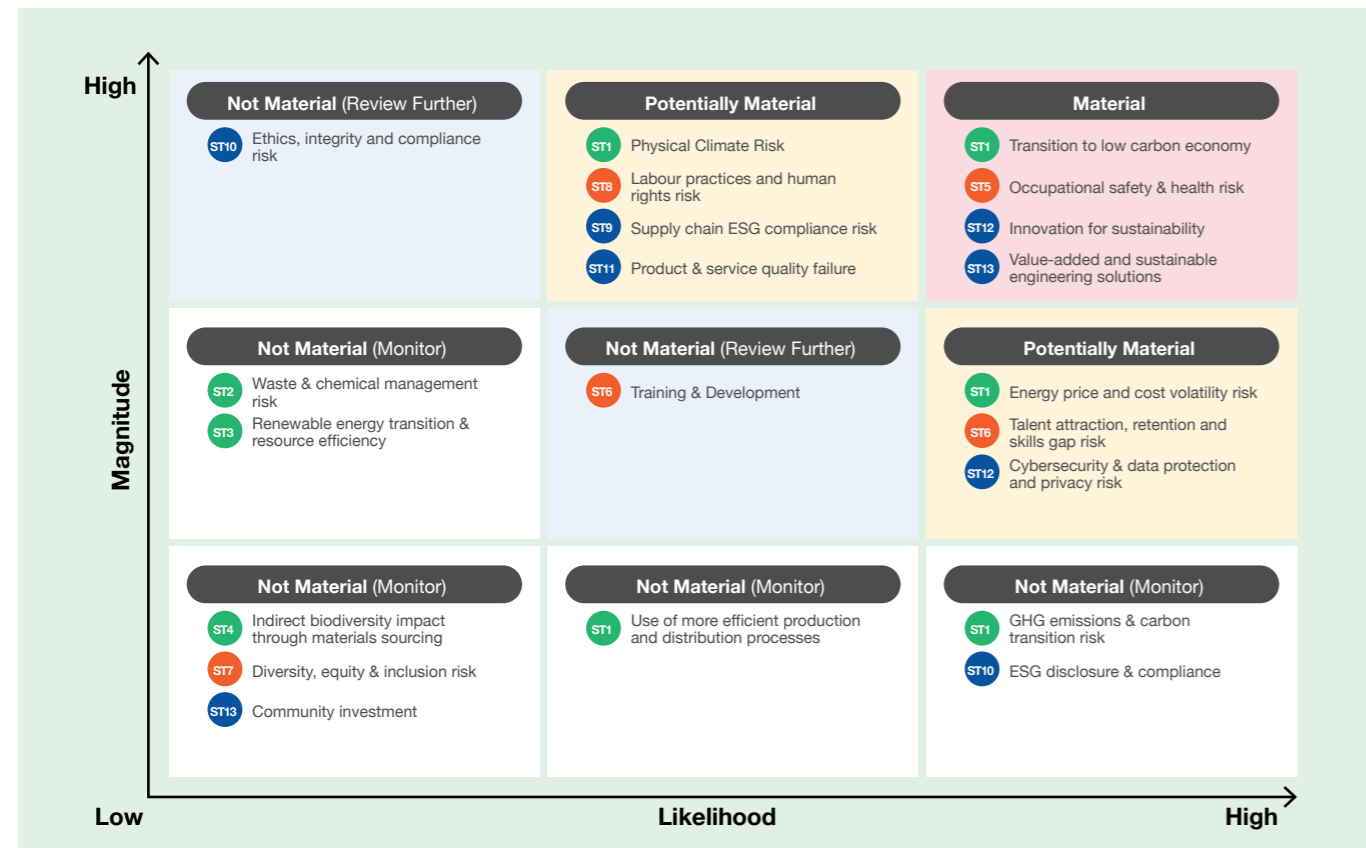
The Group categorises sustainability-related risks and opportunities into material, potentially material, and not material based on an assessment of their likelihood of occurrence and magnitude of potential financial impact on the Group's enterprise value. This assessment considers the time horizon over which the impacts may arise, recognising that certain sustainability risks and opportunities may crystallise over the short-, medium-, or long-term.

Material climate-related topics are prioritised for detailed assessment and active management. These include the application of climate-related scenario analysis and are integrated into the Group's strategy, enterprise risk management ("ERM") framework, and performance metrics and targets.

Potentially material topics are subject to enhanced management review, ongoing data refinement, and targeted analysis to assess their evolving financial significance. These topics may become material over time, particularly where risks or opportunities are expected to increase in likelihood or magnitude across different time horizons.

Topics assessed as not material are monitored on an ongoing basis and periodically reviewed to identify any changes in regulatory requirements, market conditions, technological advancements, or operational circumstances that may affect their relevance over time.

The Group presents its financial materiality assessment through a financial materiality matrix, which visually maps sustainability-related risks and opportunities based on their assessed likelihood and magnitude of potential financial impact on enterprise value, across relevant time horizon.



SUSTAINABILITY STATEMENT

Climate Transition Pathway

Time Horizon	Transition Focus	Key Targets	Primary Transition Levers
Short term (2025–2030)	Laying the foundation	<ul style="list-style-type: none"> 10% reduction in Scope 1 & 2 emissions by 2030. 5% emissions intensity reduction in Industrial Gas Division by 2030. ≥30% green revenue from climate-related engineering solutions 	Optimise energy-intensive operations (e.g. compressors, liquefaction processes at Kerteh); gradual shift to renewable electricity; Electrify vehicle fleets; commercialise sustainable engineering solutions.
Medium term (2031–2040)	Scaling decarbonisation	<ul style="list-style-type: none"> 10% reduction in Scope 3 emissions by 2035. 	Expanded renewable electricity sourcing through PPAs, green tariffs, and on-site generation; Collaboration with key vendors to support emissions reduction across the value chain; Participation in the CCUS value chain through strategic partnerships; and Selective use of high-quality, verified carbon removals to address residual emissions.
Long term (2041–2050)	Achieving net zero	<ul style="list-style-type: none"> Net zero Scope 1 & 2 emissions by 2050. 100% Renewable Energy by 2045 	Transition towards 100% renewable electricity, where feasible, through long-term renewable energy sourcing (e.g. power purchase agreements); strengthen low-carbon requirements across the supply chain; and advance carbon-neutral technologies through strategic partnerships across the value chain.

KPI Dashboard

Area	Target	KPI	Unit	FY2023	FY2024 (Baseline)	FY2025
K4 Environment 	10% Reduction Scope 1 & 2 absolute emissions by 2030	Total GHG emissions (Scope 1 & 2)	Metric tonnes	5,650	19,068	27,723 +45%
	5% Reduction Scope 3 emissions by 2030	Total GHG emissions (Scope 3)	Metric tonnes	24,137	94,285	61,575 -35%
	5% Reduction Intensity Ratio by 2030	CO ₂ Equivalent Intensity Ratio (Industrial Gases Division)	Metric tonnes/RM'million Revenue	129	117	167 +43%
	100% Renewable Energy by 2045	Percentage of total energy consumption from renewable sources	Percentage	0	0	0 +0%
	30% of waste diverted from disposal by FY2030	Waste diversion rate	Percentage	12.5	68.3	77

SUSTAINABILITY STATEMENT

Area	Target	KPI	Unit	FY2023	FY2024 (Baseline)	FY2025
K4 Peoples 	Zero work-related fatalities	Number of work-related fatalities	Number	0	0	0
	Zero Lost time Incident Rate	Lost time incident rate ("LTIR")	LTIR per 200,000 hours worked	0.09	0	0.06
	Average of at least 20 training hours per employee per year	Average Training hours per employee	Hours	15.5	14.8	16.9 +14%
	At least 30% female representation at executive level and above	Female representation (%) at executive level and above	Percentage	28.6	34.4	33.2
	At least 85% employee satisfaction rate	Employee Satisfaction Rate	Percentage	-	88	82 -6%
	Zero substantiated complaints relating to human rights violations through the Group's grievance or whistleblowing mechanisms.	Number of substantiated complaints concerning human rights violations	Number	0	0	0
	Zero incidents of unfair employment practices, including discrimination or unjust treatment.	Number of incident of unfair employment practices	Number	0	0	0
K4 Business 	Achieve 30% Green Revenue by 2030	Green Revenue	Percentage	-	0.3	8.7
	Maintain at least 80% local sourcing	Proportion of spending on local suppliers	Percentage	82.6	88.3	94.4
	Zero incidents of corruption and bribery	Confirmed incidents of corruption and action taken	Number	0	0	0
	Maintain high customer satisfaction rate based on customer feedback surveys	Customer Satisfaction Rate	Percentage	88	92	92
	Zero substantiated complaints related to customer privacy breaches and loss of customer data	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
	Zero Material Data Loss or Data Breach Incidents	Number of Incident of Material Data Loss or Data Breach	Number	0	0	0
K4 Society 	Provide access to quality education for 100 disadvantaged youth by 2030	Total number of beneficiaries of the investment in communities	Cumulative Total	16	21	26 +24%

The Sustainability Report is available on the Group's website at <https://kelington-group.com/sustainability-2/>

SUSTAINABILITY STATEMENT

Bursa Malaysia Prescribed Table

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Pollution & Waste Management	Percentage of waste diverted from disposal.	Percentage	77%	30% of waste diverted from disposal by FY2030	No assurance	Implement waste management initiatives to divert at least 30% of waste from landfill by FY2030.
Pollution & Waste Management	Percentage of compliance with all applicable environmental laws and regulations.	Percentage	100%	100% compliance with all applicable environmental laws and regulations	No assurance	Maintain full compliance with all applicable environmental laws, regulations, licences, and permit conditions across operations, with zero material non-compliance.
Resources Management	Electricity intensity in the Industrial Gas Division.	Megawatt / RM/million Revenue	179	Reduce electricity intensity in the Industrial Gas Division by 5% by FY2030 (Baseline FY2024)	No assurance	Reduce electricity intensity in the Industrial Gas Division by 5% by FY2030 through energy efficiency improvements and operational optimisation.
Resources Management	Water intensity in the Industrial Gas Division.	Cubic meters / RM/million Revenue	534	Reduce water intensity in the Industrial Gas Division by 5% by FY2030 (Baseline FY2024)	No assurance	Reduce water intensity in the Industrial Gas Division by 5% by FY2030 through efficiency improvements and improved water management practices.
Resources Management	Percentage of compliance with water quality/quantity permits, standards and regulations.	Percentage	100%	100% compliance with all applicable water quality and water abstraction or discharge permits, standards, and regulatory requirements.	No assurance	Maintain full compliance with all applicable water quality and water abstraction or discharge permits, standards, and regulatory requirements across operations, with zero material non-compliance.
Support Biodiversity	Number of biodiversity or greening initiative annually at Group or community sites	Number	3	Conduct at least one biodiversity or greening initiative annually at Group or community sites.	No assurance	To support biodiversity through annual tree planting or greening initiatives at selected operational or community sites.

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Occupational Safety & Health	Number of work-related fatalities	Number	0	Zero work-related fatalities	No assurance	Maintain zero work-related fatalities across all operations through effective safety management systems, risk controls, and continuous monitoring.
Occupational Safety & Health	Lost time incident rate ("LTIR")	LTIR per 200,000 hours worked	0.06	Zero Lost Time Incident Rate	No assurance	Maintain a Lost Time Incident Rate of zero across all operations through effective safety management, hazard identification, and continuous improvement.
Occupational Safety & Health	Total Recordable Injury Frequency Rate ("TRIFR")	Number of recordable injuries per 200,000 hours worked	0.24	Year-on-year improvement TRIFR	No assurance	Achieve continuous year-on-year improvement in Total Recordable Injury Frequency Rate across operations through enhanced safety management, training, and incident prevention measures.
Talent Management & Development	Average Training hours per employee	Hours	16.9	20 training hours per employee annually	No assurance	Provide an average of at least 20 training hours per employee annually to support skills development, safety, and long-term workforce capability.
Talent Management & Development	Employee Satisfaction Rate	Percentage	82%	Maintain a minimum employee satisfaction rate of 85%	No assurance	Fostering a positive, inclusive, and engaging work environment, supported by regular feedback mechanisms, effective communication, and continuous improvement initiatives.

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diverse & Inclusive Workplace	Female representation (%) at executive level and above	Percentage	33%	At least 30% female representation at executive level and above	No assurance	Achieve and maintain a minimum of 30% female representation at executive level and above through inclusive talent development, succession planning, and equitable recruitment practices.
Respect Human Rights	Number of substantiated complaints concerning human rights violations	Number	0	Zero substantiated complaints relating to human rights violations through the Group's grievance or whistleblowing mechanisms.	No assurance	Maintain zero substantiated complaints related to human rights violations across operations and the value chain through effective policies, due diligence, and grievance mechanisms.
Respect Human Rights	Number of incident of unfair employment practices	Number	0	Zero incidents of unfair employment practices, including discrimination or unjust treatment.	No assurance	Maintain zero substantiated incidents of unfair employment practices, including discrimination, harassment, or unequal treatment, through effective policies, training, and grievance mechanisms.
Respect Human Rights	Number of reported cases of child labour, modern slavery, or forced labour within KGB Group's operations and supply chain.	Number	0	Zero reported cases of child labour, modern slavery, or forced labour within KGB Group's operations and supply chain.	No assurance	Maintain zero reported cases of child labour, modern slavery, or forced labour within the Group and its supply chain through due diligence, supplier screening, contractual requirements, and effective grievance mechanisms.
Sustainable Supply Chain	Proportion of spending on local suppliers	Percentage	94.4%	Maintain at least 80% local sourcing	No assurance	Maintain a minimum of 80% local sourcing of goods and services to support local suppliers, strengthen supply chain resilience, and contribute to local economic development.

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Sustainable Supply Chain	Number of major ESG-related non-compliance incidents within the supply chain	Number	0	Zero major ESG-related non-compliance incidents within the supply chain	No assurance	Maintain zero major non-compliance incidents related to environmental, social, and governance (ESG) requirements within the supply chain through supplier due diligence, monitoring, and corrective action processes.
Sustainable Supply Chain	Key external providers trained on Kelington's expectations	Percentage	100%	100% of key external providers trained on Kelington's expectations	No assurance	Ensure all key external providers receive training on Kelington's expectations, including ethical conduct, labour and human rights standards, safety, and sustainability requirements.
Governance & Ethics	Confirmed incidents of corruption and action taken	Number	0	Zero incidents of corruption and bribery	No assurance	Maintain zero substantiated incidents of corruption and bribery across operations through robust anti-corruption policies, controls, training, and reporting mechanisms.
Governance & Ethics	Percentage of employees who have received training on anti-corruption by employee category- Senior Management	Percentage	100%	100% of employees trained on the Anti-Bribery and Corruption (ABC) Policy and risk management	No assurance	Ensure all employees receive training on the Anti-Bribery and Corruption (ABC) Policy and related risk management practices to strengthen ethical awareness and compliance.
Governance & Ethics	Percentage of employees who have received training on anti-corruption by employee category- Middle Management	Percentage	100%	100% of employees trained on the Anti-Bribery and Corruption (ABC) Policy and risk management	No assurance	Ensure all employees receive training on the Anti-Bribery and Corruption (ABC) Policy and related risk management practices to strengthen ethical awareness and compliance.

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Governance & Ethics	Percentage of employees who have received training on anti-corruption by employee category- Executive	Percentage	98%	100% of employees trained on the Anti-Bribery and Corruption (ABC) Policy and risk management	No assurance	Ensure all employees receive training on the Anti-Bribery and Corruption (ABC) Policy and related risk management practices to strengthen ethical awareness and compliance.
Governance & Ethics	Percentage of employees who have received training on anti-corruption by employee category- Non-executive / Technical Staff	Percentage	99%	100% of employees trained on the Anti-Bribery and Corruption (ABC) Policy and risk management	No assurance	Ensure all employees receive training on the Anti-Bribery and Corruption (ABC) Policy and related risk management practices to strengthen ethical awareness and compliance.
Governance & Ethics	Percentage of operations assessed for corruption-related risks	Percentage	100%	100% operations assessed for corruption-related risks	No assurance	Monitors ethics, integrity, and anti-corruption practices to strengthen governance, compliance, and ethical business conduct.
Quality Products & Services	Customer Satisfaction Rate	Percentage	92%	Maintain at least 90% customer satisfaction rate based on customer feedback surveys	No assurance	Maintain an average customer satisfaction score of at least 90% based on customer feedback and surveys to support service quality, long-term relationships, and repeat business.
Technology & Innovation (Cybersecurity Resilience)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	Zero substantiated complaints related to customer privacy breaches and loss of customer data	No assurance	Maintain zero substantiated complaints concerning breaches of customer privacy or loss of customer data through robust data protection controls, cybersecurity measures, and compliance with applicable data protection laws.

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Kelington Group Berhad
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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Technology & Innovation (Cybersecurity Resilience)	Number of Incident of Material Data Loss or Data Breach	Number	0	Zero Material Data Loss or Data Breach Incidents	No assurance	Maintain zero material data loss or data breach incidents annually through robust cybersecurity controls, data protection measures, and ongoing monitoring.
Resilience growth and value creation	Percentage of Green Revenue	Percentage	8.7%	Achieve 30% Green Revenue by 2030	No assurance	Achieve at least 30% of Group revenue from green or sustainable engineering solutions that support emissions reduction, resource efficiency, or environmental sustainability.
Community Investment	Cumulative total number of disadvantaged youth accessed to quality education via KGB's community investment programme	Cumulative Total Number	26	At least 100 disadvantaged youth accessed to quality education by FY2030	No assurance	Provide access to quality education for at least 100 disadvantaged youth by 2030 through scholarships, mentorship programmes, and partnerships with educational institutions.

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Kelington Group Berhad
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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Preventing Climate Change	Total emissions from Scope 1 and Scope 2	TCO2e	27723	10% Reduction Scope 1 & 2 absolute emissions	No assurance	Reduce Scope 1 & 2 absolute emissions by 10% by 2030, using FY2024 as the base year.
Preventing Climate Change	Total emissions from Scope 3 Cat.1: Purchased goods and services, Cat.2: Capital goods, Cat.4: Upstream transportation and distribution, Cat.5: Waste generated in operations, Cat.6: Business travel, Cat.7: Employee commuting	TCO2e	61575	5% Reduction Scope 3 emissions	No assurance	Reduce CO ₂ e intensity ratio by 5% by 2030 (TCO ₂ e per revenue), using FY2024 as the base year.
Preventing Climate Change	Industrial Gas Division - CO2 equivalent intensity ratio	TCO2e per unit revenue (RM/million)	167	Industrial Gas Division - Reduce CO ₂ e intensity ratio by 5%	No assurance	Reduce CO ₂ e intensity ratio by 5% by 2030 (TCO ₂ e per revenue), using FY2024 as the base year.
Preventing Climate Change	Total emissions from Scope 3 Cat.1: Purchased goods and services, Cat.2: Capital goods, Cat.4: Upstream transportation and distribution, Cat.5: Waste generated in operations, Cat.6: Business travel, Cat.7: Employee commuting	TCO2e	61575	10% Reduction Scope 3 emissions	No assurance	Reduce Scope 3 emissions by 10% by 2035, using FY2024 as the base year.
Preventing Climate Change	Percentage of total energy consumption from renewable sources	Percentage	0%	100% Renewable Energy in Malaysia	No assurance	Ensure all electricity consumption in Malaysia is sourced from renewable energy by 2045.

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SUSTAINABILITY STATEMENT

DIRECTORS' PROFILE

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Kelington Group Berhad
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Preventing Climate Change	Total emissions from Scope 1 and Scope 2 Location-based	1CO2e	27723	Net Zero Scope 1 & 2 absolute emissions	No assurance	Achieve net zero Scope 1 & 2 absolute emissions by 2050, using FY2024 as the base year.

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IR. GAN HUNG KENG
Executive Chairman



Nationality	Date of Appointment
Malaysian	14 February 2000
Age / Gender	Length of Services
62 / Male	26 years & 2 months

Ir. Gan Hung Keng (Raymond) is the Founder and Executive Chairman of Kelington Group Berhad, having held the Chairman role since 14 February 2000. He was appointed as Managing Director on 22 November 2004 and served as Chief Executive Officer (“CEO”) from 1 September 2009. As CEO, he was responsible for the overall strategic direction and management of the Group, particularly overseeing the Group’s new ventures. Following the appointment of Mr. Lim Seng Chuan as CEO with effect from 1 January 2026, he continues to serve as Executive Chairman, supporting the management team to ensure a smooth transition.

He graduated with a Bachelor of Chemical & Process Engineering degree from Universiti Kebangsaan Malaysia and is a Professional Engineer registered with the Board of Engineers, Malaysia.

He began his career in 1988 with a water treatment company in Singapore as an Engineer, responsible for engineering project execution in pure water and wastewater treatment. He then led various engineering projects as a Project Engineer until 1994, when he joined Malaysian Oxygen Berhad (“MOX”) as Project Manager for the Ultra Clean Division. After four years at MOX, he moved to Eastern Oxygen Berhad as Project Manager for the Ultra Clean System. In 1999, he held the position of Manager (Process) at M+W Zander Pte. Ltd. (Singapore).

Through these roles, he developed expertise in the detailed design of gas delivery systems (inert and hazardous gases) for Semiconductor Wafer Fabrication and Flat Panel Display plants, engineering and construction management of large-scale and fast-track gas and chemical projects, and general management of business units and companies.

He is a corporate representative of Palace Star Sdn. Bhd., a major shareholder of Company, and serves as a director of several subsidiaries of the Company. He does not hold any other directorships in public companies or listed issuers.

DIRECTORS' PROFILE

ONG WENG LEONG

Executive Director



Nationality	Date of Appointment
Malaysian	22 November 2004
Age / Gender	Length of Services
58 / Male	21 years & 5 months

Mr. Ong Weng Leong (Steven) has been a Director of the Company since 22 November 2004. He was appointed General Manager on 1 August 2005 and served as Chief Operating Officer (“COO”) from September 2009 until January 2026, overseeing the Group’s day-to-day operations in Taiwan and China, and continues to serve as an Executive Director.

He graduated with a Bachelor of Chemical Engineering from Universiti Teknologi Malaysia in 1992 and earned a Master of Business Administration from the University of Bath, United Kingdom, in 2002. He is a Fellow of the Malaysian Institute of Management and served as a General Council member from 2015 to 2016.

Mr. Steven Ong began his managerial career at MOX in 1996 as Production Manager, then served as Operations Manager from 1998 to 2000, overseeing plant operations in the central and east coast regions. He was promoted to National Engineering Manager in 2000 and later to National Sales Manager (Electronics) in 2004, before joining the Company as General Manager later that same year.

Through his extensive experience at MOX and KGB, he has developed expertise in the detailed design of gas systems from production plants to customer supply stations and in the engineering and construction management of industrial gas projects.

He also serves as a corporate representative of Palace Star, a major shareholder of the Company, and serves as a director of several subsidiaries of the Company. He does not hold directorships in any other public companies or listed issuers.

DIRECTORS' PROFILE

SOH TONG HWA

Non-Independent Non-Executive Director



Nationality	Date of Appointment
Malaysian	1 November 2019
Age / Gender	Length of Services
73 / Male	6 years & 6 months

Mr. Soh Tong Hwa was appointed as a Non-Independent Non-Executive Director of the Company on 1 November 2019 and is a member of the Risk Management Committee.

He holds a Bachelor of Mechanical Engineering from the University of Portsmouth, United Kingdom in 1979. Mr. Soh was appointed as a director of Ace Gases Sdn. Bhd. in 2018. He brings extensive technical knowledge in gas plant operations and management of bulk and on-site plant businesses.

Mr. Soh began his managerial career at MOX in 1979 and served there for 24 years. He subsequently joined Air Liquide Indonesia as President Director in 2007, and in 2009, he established a new subsidiary for Air Liquide in Malaysia, serving as Managing Director until 2016.

He also serves as a director of several subsidiaries of the Company and does not hold directorships in other public companies or listed issuers.

DIRECTORS' PROFILE

CHAM TECK KUANG

Non-Independent Non-Executive Director



Nationality	Date of Appointment
Singaporean	1 November 2019
Age / Gender	Length of Services
69 / Male	6 years & 6 months

Mr. Cham Teck Kuang was appointed as a Non-Independent Non-Executive Director of the Company on 1 November 2019 and is a member of the Risk Management Committee.

He holds a B.Sc (Hons) in Mechanical Engineering from the University of Portsmouth, United Kingdom. He began his career in building services before spending 22 years in the semiconductor industry, particularly in wafer fabs, at a leading industrial gas manufacturer in Singapore. He progressed through roles including Project Engineer, Project Manager, Senior Manager, Department Head, General Manager, and ultimately Director of Project Engineering and Services and Director of E&I, South and South East Asia.

Mr. Cham has played a key role in completing numerous wafer fab gas system projects across Singapore and the region. He has deep technical expertise in wafer fab gas and chemical system engineering, including equipment manufacturing, project execution, and system commissioning, complemented by strong leadership in managing companies.

He joined Kelington Engineering (S) Pte. Ltd. in 2012 and is currently Executive Director there as well as a director of several subsidiaries of the Company. He does not hold directorships in other public or listed companies.

DIRECTORS' PROFILE

HU KEQIN

Non-Independent Non-Executive Director



Nationality	Date of Appointment
Singaporean	1 November 2019
Age / Gender	Length of Services
65 / Male	6 years & 6 months

Mr. Hu Keqin was appointed as a Non-Independent Non-Executive Director of the Company on 1 November 2019 and is a member of the Risk Management Committee.

He holds a Bachelor of Engineering in Mechanical Engineering from Kunming University of Science and Technology in 1982 and a Master of Engineering in Mechanical Engineering from Chongqing University in 1985.

After graduation, he lectured in the Department of Mechanical Engineering at Chongqing University and became a research engineer in 1989. He then worked at Singapore Oxygen Air Liquide from 1994 and later at UCT Engineering Pte. Ltd., Singapore for 8 years starting in 2001. From 2009 to 2013, he was General Manager at O'Brien Tubular Technologies (Shanghai) Co., Ltd. before joining Kelington Engineering (S) Pte. Ltd., a wholly owned subsidiary of the Company as Project Director in 2013.

He has over 22 years of experience managing and overseeing projects to ensure cost, quality, and schedule objectives are met. His expertise includes proposal and budget development, design and component specification, procurement of materials, contractor selection, and project management.

He also serves as a director of several subsidiaries of the Company and does not hold directorships in other public or listed companies.

DIRECTORS' PROFILE

NG MENG KWAI

Senior Independent Non-Executive Director



Nationality	Date of Appointment
Malaysian	1 November 2022
Age / Gender	Length of Services
74 / Male	3 years & 5 months

Mr. Ng Meng Kwai was appointed as an Independent Non-Executive Director on 1 November 2022 and serves as a member of both the Audit Committee and the Remuneration Committee. On 1 December 2024, he was redesignated as the Senior Independent Non-Executive Director and appointed Chairman of the Audit Committee.

He is a fellow of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia.

Mr. Ng has over 40 years of public accounting experience, with extensive expertise in audit, financial advisory services, and risk management. He began his career in 1973 with Deloitte Malaysia and rose through the ranks until his retirement in 2013. He then joined Robert Mengkwai & Loo PLT, an accounting firm, as a partner, a position he holds to date.

He is also an Independent Non-Executive Director of Eversafe Rubber Berhad, a public listed company. Save as disclosed above, he does not hold any other directorships in public companies or listed issuers.

DIRECTORS' PROFILE

RAHIMA BEEVI BINTI MOHAMED IBRAHIM

Independent Non-Executive Director



Nationality	Date of Appointment
Malaysian	1 March 2023
Age / Gender	Length of Services
73 / Female	3 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 the Chairwoman of both the Remuneration Committee and the Nomination Committee.

She holds a Master of Science in Human Resources ("HR") Management from the University of Portsmouth, United Kingdom in 1998, and has obtained various international professional certificates. In January 2024, she attained the Associate Certified Coach (ACC) designation from the International Coach Federation (ICF), reflecting her commitment to coaching and mentoring excellence.

She served as Vice Chairman of the Malaysian Institute of Management (MIM) from 2019 to 2022 and was a Committee Member for HR of the Federation of Malaysian Manufacturing. She was also Vice President of Education of the Malaysian Employers Federation Toastmasters Club. She was previously Chairwoman of the HR Committee, a Fellow, and a director of MIM, and has ceased all her roles with MIM on 20 August 2025. She is also a Committee & Life Member of the Malaysian Institute of HR.

Puan Rahima has over 25 years of experience in HR, having held managerial roles in various organisations. She started at Siemens VDO Components MY Sdn. Bhd. as Senior HR Manager (1998–2004), then joined Siemens Malaysia Sdn. Bhd. (2004–2016) as Vice President Head of HR, HR Business Partner for Energy Sector ASEAN, and Regional Compliance Officer, before being promoted to Senior Vice President Head of HR in 2010.

She is the Executive Director of Resolute Ingress Learning Enterprise, specialising in leadership development, emotional intelligence, and executive/career/life coaching. She was also appointed as the Chairwoman and Independent Non-Executive Director of SRKK AI Berhad on 11 June 2025. Save as disclosed above, she does not hold any other directorships in public companies or listed issuers.

DIRECTORS' PROFILE

CHOW MEOW LUAN

Independent Non-Executive Director

Nationality	Date of Appointment
Malaysian	31 August 2023
Age / Gender	Length of Services
65 / Female	2 years & 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 the Audit Committee and the Nomination Committee.

She graduated in 1983 with a Bachelor of Economics (Hons), majoring in Accounting, from Monash University, Australia.

She has 38 years of cumulative experience in banking and corporate finance, with substantial exposure to credit risk management and corporate finance consultancy. She spent 17 years with Bank of America Malaysia Berhad from 1984 to 2002, holding various positions during her tenure. Her last held position at the Bank was Vice President – Credit from 1995 to 2002, where she was responsible for the credit risk management of key client portfolios.

Following that, she joined BA Associates Sdn. Bhd. in 2002 as a Principal, where she was involved in providing corporate finance consultancy services, including advising on debt and equity capital raising as well as mergers and acquisitions, until her retirement at the end of 2022.

She does not hold any other directorships in public companies or listed issuers.



DIRECTORS' PROFILE

CHIN WEI MIN

Independent Non-Executive Director

Nationality	Date of Appointment
Malaysian	31 August 2023
Age / Gender	Length of Services
58 / Male	2 years & 8 months

Mr. Chin Wei Min was appointed as an Independent Non-Executive Director of the Company on 31 August 2023. He is the Chairman of the Risk Management Committee and a member of the Nomination Committee.

He graduated in 1992 with a Bachelor of Engineering (Hons) in Aeronautical Engineering from the University of Salford, United Kingdom.

Mr. Chin has over 30 years of experience in the financial services industry, with expertise in business strategy formulation, large-scale transformation, and complex technology implementation programs. He served as Executive Director at the Securities Commission, a capital market regulator in Malaysia, from April 2016 to June 2022, overseeing the Digital Strategy and Innovation division and playing a pivotal role in shaping the industry's digital agenda.

He was also Asia Pacific Managing Director for the Capital Market Industry at Accenture, a global management consulting, technology services, and outsourcing firm. In this capacity, he provided management oversight to various country capital market practices in APAC, defining industry agendas, championing key business service offerings, and driving corporate objectives. He also led numerous strategic transformation initiatives for major financial institutions in the region, including core investment management capability transformation at one of China's largest financial groups; customer centricity transformation at one of China's largest insurance groups; 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 consulting firm providing advisory services on complex regulatory issues in the FinTech industry and capital market policies and regulations. He was also appointed as an independent director of KK Mart Retail Sdn. Bhd., a private limited company, on 22 September 2025.

Save as disclosed above, he does not hold any other directorships in public companies or listed issuers.



DIRECTORS' PROFILE

NG LEE KUAN

Independent Non-Executive Director



Nationality	Date of Appointment
Malaysian	1 December 2024
Age / Gender	Length of Services
60 / Female	5 years & 2 months*

* Ms. Ng served as an Independent Non-Executive Director from 1 November 2019 to 31 August 2023, and reappointed 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 on 1 December 2024.

She is a member of the Audit Committee, Risk Management Committee, and Remuneration Committee, and also serves as Chairwoman of the Employees' Share Scheme Committee.

Ms. Ng graduated in 1990 with a Bachelor of Management Degree (First Class) from Universiti Sains Malaysia, Malaysia, and obtained her professional qualification from the Chartered Institute of Management Accountants (CIMA) in 1994.

She has held various managerial roles in Linde Malaysia (formerly MOX), accumulating more than 25 years of experience in the industrial gas business. She was promoted to Planning Manager in 1996, assumed the Management & Financial Accounting Manager role in 1999, and became Process System & Planning Manager for South & South East Asia in 2002. She was appointed Head of Marketing of Linde in 2009, a position she held until 2017. As a key member of the leadership team, she led the country strategic planning process, drove strategic investments, pursued new business development opportunities, and spearheaded best commercial practices.

She does not hold any other directorships in public companies or 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 and its subsidiaries.

Attendance at Board Meetings

The details of attendance of the Directors at the Board Meetings are set out on page 78 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 235 to 237 and pages 238 to 239 respectively, of this Annual Report.

KEY SENIOR MANAGEMENT'S PROFILE

LIM SENG CHUAN

Group Chief Executive Officer

Age	Gender	Nationality
58	Male	Singaporean

Mr. Lim Seng Chuan is Chief Executive Officer ("CEO") of the Group, effective 1 January 2026, and is responsible for the Group's overall strategic direction, operational leadership, and business growth.

He graduated with a Master of Science from the Tokyo Institute of Technology (TIT), Japan in 1999. Prior to joining KGB, he was with Singapore Oxygen Air Liquide Pte. Ltd. (SOXAL), where he held various positions over 10 years, including QA/QC Manager, Project Manager, and Business Development Manager. During this period, he honed his expertise in Ultra-High Purity (UHP) technologies, serving key industries such as Semiconductor, Photovoltaic, Pharmaceutical, and LCD manufacturing, while also deepening his knowledge in gas plant related business.

Prior to his appointment as Group CEO, Mr. Lim served as the Managing Director of Kelington Engineering (Singapore) Pte. Ltd., a key subsidiary that contributes significantly to the Group's revenue and profit. He was responsible for the management of the Group's Singapore operations as well as neighbouring regions, including Europe, Hong Kong, the Philippines, and Indonesia. Under his leadership, the subsidiary expanded its international footprint by establishing operations in Germany, India, and Japan.

In his career, he has developed expertise in UHP specialty gas delivery, bulk gas distribution, and chemical and liquid delivery systems for the semiconductor industry. He also led project and business development initiatives in the region and supported sister companies in high-end electronics product development and overseas marketing. Mr. Lim is highly regarded for his entrepreneurial spirit, strategic vision, and commitment to excellence. His leadership philosophy embodies accountability, empathy, and respect, cultivating a workplace culture that values teamwork, innovation, and continuous growth.

In his current role, he provides overall leadership and strategic direction for the Group, ensuring alignment of business strategies across all subsidiaries and divisions. He drives the Group's long-term growth, international expansion, and investment strategies, while overseeing key corporate governance, stakeholder engagement, and performance management initiatives. He also champions innovation, business development, and strategic partnerships to strengthen the Group's position in existing markets and potential new regions.

IR. ONG SENG HENG

Group Chief Operating Officer

Age	Gender	Nationality
47	Male	Malaysian

Ir. Ong Seng Heng is the Chief Operating Officer ("COO") of the Group, responsible for the overall operational management of the Group, ensuring alignment of business strategies across divisions and subsidiaries, and driving operational efficiency and growth.

He graduated with a Bachelor of Chemical Engineering from the University of Malaya, Malaysia, in March 2002 and joined the Company on 1 April 2002. He is also a registered Professional Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

He has held various positions within the Company, beginning as Project Engineer, overseeing UHP gas systems in design and project execution. He was 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 appointed Managing Director in 2024, before assuming his current role as COO in February 2026.

In his current role, he oversees Group-wide operational functions, including business development, marketing initiatives, process plant engineering, and general contracting projects. He also drives the expansion of business operations into East Malaysia and potentially other countries in the region, overseeing a subsidiary in Kuching, Sarawak, and ensures integration, standardisation, and optimisation across all business units.

KEY SENIOR MANAGEMENT'S PROFILE

JONG YU HUAT

Group Chief Financial Officer

Age	Gender	Nationality
55	Male	Malaysian

Mr. Jong Yu Huat was appointed as the Chief Financial Officer of the Group in 2010 and has been with the Company since June 2003.

He obtained his professional qualification from the Chartered Institute of Management Accountants (CIMA) in 1999 and is a Chartered Accountant as well as a member of the Malaysian Institute of Accountants (MIA) since 2008.

Mr. Jong has over 20 years of experience in accounting, auditing, taxation, corporate finance, and general management. His key responsibilities include leading the accounts and finance department, implementing internal controls, overseeing financial budgeting, and managing administrative matters.

SOO WEI KEONG

Managing Director of Taiwan Branch

Age	Gender	Nationality
50	Male	Malaysian

Mr. Soo Wei Keong is the Managing Director of KGB Taiwan Branch, responsible for engineering, costing, and project management of UHP gas systems in Taiwan. His expertise includes detailed design, engineering, project and construction management of semiconductor gas and chemical-related projects, quality management of UHP protocols, and welding joint inspection.

He graduated with a Bachelor of Chemical Engineering from Universiti Sains Malaysia, Malaysia, in 2000 and joined the Company on 2 April 2001.

He has held various positions within the Company, beginning as QA Engineer, overseeing quality assurance and quality control for UHP gas systems. He was promoted to Senior Engineer in 2003, Project & Design Manager in 2004, and Senior Vice President of KGB Taiwan Branch in 2005, before assuming his current role as Managing Director in 2024.

KEY SENIOR MANAGEMENT'S PROFILE

CHONG ANN TSUN

Managing Director of Ace Gases Sdn. Bhd.

Age	Gender	Nationality
49	Male	Malaysian

Mr. Chong Ann Tsun is the Managing Director of Ace Gases Sdn. Bhd., responsible for overseeing the company's operations and strategic business development. Prior to this role, he served as General Manager of Ace Gases Marketing Sdn. Bhd. from 2018.

He graduated with a Bachelor of Mechanical Engineering from Leicester University, United Kingdom, in 1999. He has extensive experience in the industrial gases sector, holding roles in technical applications, sales, and marketing, and previously served as Business Director and Regional Business Development Director at a major industrial gases company before joining Ace Gases.

DAI HAIBIN

Managing Director of Kelington Engineering (Shanghai) Co., Ltd.

Age	Gender	Nationality
51	Male	Chinese

Mr. Dai Haibin is the Managing Director of Kelington Engineering (Shanghai) Co., Ltd., based in China, responsible for the company's overall operations and business development.

He obtained a Bachelor of Mechanical Engineering from Southwest Jiaotong University, Chengdu, China, in 1997 and a Master of Science in Transportation Management & Systems from the National University of Singapore in 2004.

Prior to his current role, he served as Deputy General Manager from May 2021 and Senior Operation Manager from December 2017 to November 2020. Before joining Kelington Engineering (Shanghai), he worked as a Senior Manager in China at International Healthway Corporation, Singapore, from March 2014 to November 2017.

Mr. Dai has over 20 years of experience in the industry, with expertise in operations management, project execution, and strategic business development.

KEY SENIOR MANAGEMENT'S PROFILE

ALEX LEE HONG YU

Managing Director of Kelington Engineering (Singapore) Pte. Ltd.

Age	Gender	Nationality
44	Male	Singaporean

Mr. Alex Lee Hong Yu is currently the Managing Director of Kelington Engineering (Singapore) Pte. Ltd., where he oversees the strategic direction, operations, and business development of the Group's Singapore operations, leveraging his strong technical background and extensive regional industry experience.

Mr. Alex Lee holds a Bachelor's Degree in Chemical Engineering from the National University of Singapore, obtained in 2005. In 2025, he further enhanced his leadership and technology expertise by completing the FlexiMasters in Business AI & Technology at Nanyang Technological University of Singapore.

He has over 19 years of experience in the industrial gases, engineering, and business development sectors.

Prior to joining Kelington, he held senior roles in a Singapore Oxygen Air Liquide Pte. Ltd. and was Director of Hunter Employment Pte. Ltd. At Kelington Engineering (Singapore), he has progressed through key roles including Senior Manager, Project & Operations (2021–2022), Deputy General Manager, Project & Operations (2022–2023), General Manager, Project & Operations (2023–2025), and was appointed Managing Director in January 2026, overseeing the company's overall management, strategic direction, and human resources functions.

Notes to the Key Senior Management's Profile:

Directorships

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 and its subsidiaries.

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

Board Leadership and Effectiveness

PRINCIPLE B

Effective Audit and Risk Management

PRINCIPLE C

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 2025 of the Company which is available at its website www.kelington-group.com.

In FY2025, Kelington has adopted and applied 41 out of 48 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 2025:

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 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
Practice 13.3	Listed companies should leverage technology to facilitate voting including voting in absentia; and remote shareholders' participation at general meetings Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats

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 explanation for the departure from the above and the adoption of alternative practices to achieve the intended outcome are explained in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KEY FOCUS AREAS OF THE BOARD IN 2025

During the financial year 2025, the Board continued to provide effective leadership and oversight to guide the Group's strategic direction, strengthen governance, and support sustainable long-term value creation for the Group and its stakeholders.

1. Strategic Direction

During the year, the Board dedicated time to reviewing and enhancing the Group's Strategic Plan to ensure alignment with long-term objectives and responsiveness to a rapidly evolving business and regulatory landscape.

Key areas of focus included:

Strategic Plan Update – Refreshing the Strategic Plan to address market developments, regulatory expectations, and sustainability considerations.

Progress Review – Assessing progress against existing objectives and identifying areas for enhancement.

ESG and Climate Integration – Ensuring that climate-related risks and ESG considerations are embedded in strategic decision-making.

Plan Enhancement and Operationalisation – Strengthening governance, risk management, and translating strategy into actionable initiatives.

Expected Outcomes and Board Guidance – Evaluating anticipated benefits, providing feedback to Management, and ensuring the plan supports sustainable long-term growth.

2. Budget Planning

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") 2026. Progress against the approved budget will be monitored throughout the year to ensure that strategic and operational objectives are achieved.

3. Operational Oversight

The Board received regular updates on the Group's key operations, ongoing projects, and business developments to ensure effective monitoring and informed decision-making. This oversight enabled the Board to assess operational performance, identify potential risks, and ensure that initiatives were executed in alignment with strategic objectives and the approved budget.

4. Financial Performance and Dividend

The Board reviewed and approved the unaudited quarterly financial results and the audited financial statements for the financial year.

The Board reviewed the Group's financial performance and remained satisfied with its overall financial position. In line with its dividend policy, which aims to declare and pay annual dividends of not less than 25% of the Group's net profit, the Board declared a total of six (6) interim single-tier dividends for the financial year ended 31 December 2025, comprising:

- four (4) interim single-tier dividends, and
- two (2) special interim single-tier dividends of 1.5 sen per ordinary share.

These dividends reflect the Board's commitment to providing sustainable shareholder returns while maintaining the Group's long-term growth objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. Corporate Governance and Compliance

- The Board oversaw the Group's corporate governance framework to ensure alignment with the MCCG 2021, Bursa Securities MMLR, and internal policies.
- Enhancements to governance policies were reviewed and approved, including revisions to the Anti-Bribery and Corruption Policy.
- The Board monitored regulatory compliance and ensured that the Group adhered to all applicable laws, regulations, and listing requirements.
- The Board also received updates from the RMC on matters related to ethics, integrity, and anti-corruption compliance, underscoring its commitment to responsible business conduct.
- The Board monitored the Board Effectiveness Evaluation, including ESG elements in assessing the Board's roles and responsibilities, and reviewed and approved revisions to the Board Charter as well as updated Board and Committee assessment forms to enhance clarity of roles, responsibilities, and evaluation processes.
- Conflict of Interest and Related Party Transactions were reviewed to ensure fairness and adherence to normal commercial terms.
- Key corporate disclosures, including the Annual Report, Corporate Governance Report, and Circulars to Shareholders, were reviewed and approved by the Board.

6. Board Composition, Leadership and Performance Evaluation

- The Board remained committed to Fit and Proper requirements under Paragraph 15.01A of the Main Market Listing Requirements.
- The Nomination Committee assessed directors' suitability for appointment and re-appointment, considering skills, experience, independence, and diversity. The Board also monitored the Board Effectiveness Evaluation, including ESG elements in assessing the Board's roles and responsibilities, and reviewed and approved revisions to the Board Charter as well as updated Board and Committee assessment forms to enhance clarity of roles, responsibilities, and evaluation processes.
- The performance of the Chief Financial Officer and other Key Responsible Persons was evaluated to ensure leadership effectiveness and capability.

7. Sustainability Governance and ESG Oversight

- Sustainability remained a key area of Board oversight, with a focus on long-term value creation and balancing economic, environmental, and social considerations.
- The Board monitored the integration of ESG considerations into strategy, operations, and decision-making processes.
- Climate-related and other sustainability risks were identified and reviewed, and management's mitigation measures were assessed to ensure resilience.
- ESG matters were incorporated into Board deliberations, supported by periodic reviews of sustainability initiatives.
- Occupational Safety, Health and Environment ("OSHE") reports were reviewed quarterly to ensure compliance, promote workplace safety, and drive continuous improvement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LOOKING AHEAD TO 2026

The Board remains focused on providing strategic guidance and robust oversight to ensure sustainable growth, resilience, and value creation for all stakeholders. Key priorities of the Board for 2026 include:

1. Strategic Execution and Performance Monitoring

- Overseeing the implementation of the approved FY2026 Budget and Strategic Plan, ensuring that operational initiatives are aligned with long-term objectives and deliver measurable outcomes.
- Monitoring key projects, financial performance, and business developments to ensure effective execution and timely risk mitigation.

2. Sustainability and ESG Integration

- Embed ESG across strategy and operations, with investor-focused disclosures on climate performance, GHG emissions, targets, and progress in line with IFRS S1 and S2.
- Provide investor-focused, data-driven disclosures on climate and sustainability performance, including GHG emissions, targets, and progress.
- Enhancing sustainability governance, monitoring climate-related and other sustainability risks, and ensuring compliance with regulatory and global best practices.

3. Corporate Governance and Compliance

- Maintaining robust governance standards in alignment with MCCG 2021 and Bursa Securities requirements.
- Ensuring the effectiveness of internal controls, risk management frameworks, and oversight of related party transactions and conflicts of interest.
- Continuing to receive updates from the RMC on ethics, integrity, and anti-corruption compliance.

4. Leadership and Board Effectiveness

- Ensuring the Board and its Committees continue to operate effectively through regular evaluations, updated assessment forms, and enhanced clarity of roles and responsibilities.
- Assessing the performance and development of Key Responsible Persons to ensure leadership capability and alignment with the Group's strategic objectives.

5. Shareholder Returns and Financial Discipline

- Maintaining sustainable dividend policy while balancing the Group's cash flow, investment plans, and long-term growth.
- Monitoring financial performance and operational efficiency to safeguard the Group's resilience in a dynamic business environment.

Through these priorities, the Board seeks to drive long-term sustainable growth, foster operational excellence, and uphold responsible corporate stewardship, thereby ensuring that Kelington continues to deliver enduring value to shareholders, employees, and all other stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 11. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Chief Executive Officer ("CEO")

Effective 1 January 2026, Ir. Gan Hung Keng relinquished his role as CEO while continuing to serve as Executive Chairman of the Company. Concurrently, Mr. Lim Seng Chuan was appointed CEO, ensuring leadership continuity and underscoring the Company's commitment to maintaining a clear separation between the roles of Chairman and CEO, in alignment with the MCCG 2021.

The Board remains committed to clearly defined roles and responsibilities. The duties of the Executive Chairman are distinct and separate from those of the CEO, in accordance with the Board Charter.

Half of the Board comprises Independent Directors. All Board decisions are made unanimously or by consensus. The Board is satisfied 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 RC. In 2025, while serving concurrently as Chairman and CEO of the Company, he recused himself from participating in and attending the Board Committee meetings, except when his presence was deemed necessary. His presence, when required, reflected 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 remains committed to promoting a strong culture of integrity, ethical conduct and compliance across the Group. Kelington's Code of Ethics and Conduct ("CoEC") continues to apply to all Directors, employees and third parties performing services for the Group, setting out the ethical standards expected and to be upheld with professionalism and integrity at all times. 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 serves 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 adequacy, effectiveness and implementation of the ABC framework, including compliance metrics and areas for improvement identified across subsidiaries. During the financial year, the Group further strengthened its governance framework through the implementation of a structured Ethics & Compliance Programme, coordinated by the Corporate Compliance and Integrity Department ("CCID"). The Programme required the respective Human Resources and Procurement functions at subsidiary level to implement, monitor and report on ethics and compliance measures, with progress updates tabled to the RMC for oversight.

The Group continues to provide accessible channels for employees, business associates and members of the public to report concerns relating to suspected misconduct, including fraud, bribery, abuse of power or breaches of laws and regulations. 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 ("COI") and related party transactions ("RPT"), including Directors' involvement in competing businesses or external commitments. Directors are required to make disclosures prior to appointment and on an ongoing basis whenever changes arise. At every quarterly AC meeting, a dedicated agenda item on RPTs and COIs is included to review and discuss any existing or potential issues, ensuring that appropriate actions regarding both RPTs and COIs are taken promptly and in accordance with the policies.

The ABC Policy, CoEC, Conflict of Interest Policy and Whistleblowing Policy are available at the Company's corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 CEO 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.

The oversight of sustainability and climate-related matters is reflected in the Board's governance framework, including the Board Charter and relevant committee terms of reference. These governance documents mandate the Board to consider sustainability and climate-related risks and opportunities when reviewing the Group's strategy, risk management framework and long-term business plans. The Board is supported by the RMC, which evaluates sustainability and climate-related risks as part of the Enterprise Risk Management ("ERM") framework and escalates material matters to the Board for deliberation and strategic guidance.

Please refer to the sustainability governance structure and compliance framework on pages 11 to 14 of the Sustainability Statement 2025.

The Executive Management Committee evaluates overall sustainability risks and opportunities, oversees implementation of the sustainability strategy, and supports sustainability oversight through its review of 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 Chief Sustainability Officer 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 FY2025 are structured around two pillars: sustainable values creation and managing impacts.

Please refer to our sustainability targets and compliance framework on pages 32 to 36 of the Sustainability Report 2025.

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 2025. In FY2025, 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 continue to be integrated into the boardroom agenda under the Sustainability Focus, influencing the Board's deliberations on the Company's strategies. The Board remains committed to conducting these discussions on a biannual basis, ensuring that ESG considerations remain a central focus and priority within 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 29 to 41 of the Sustainability Report 2025, 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 2025.

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 August 2025. 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 32 to 36 of the Sustainability Report 2025.

4.5 Chief Sustainability Officer

The former 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.

In February 2026, the role of Chief Sustainability Officer will be assumed by Ir. Ong Seng Heng, who will take over the leadership and oversight of the Company's sustainability initiatives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

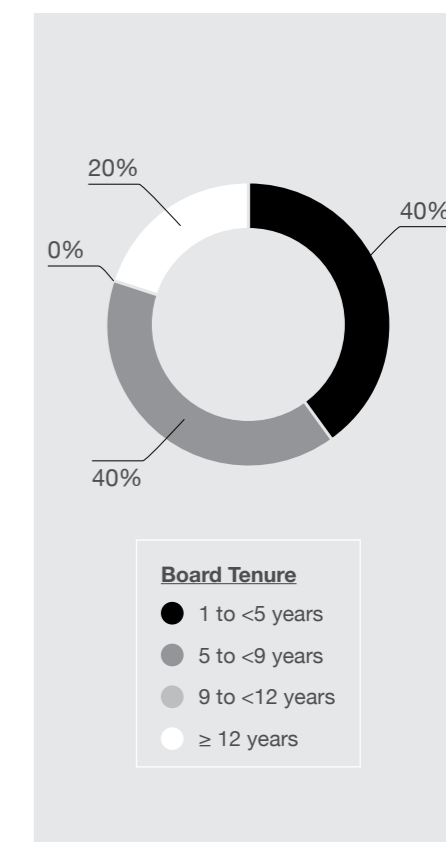
Board of Directors	Tenure
Ir. Gan Hung Keng ⁽¹⁾ Executive Chairman	26 years & 2 months
Ong Weng Leong ⁽¹⁾ Executive Director	21 years & 5 months
Soh Tong Hwa Non-Independent Non-Executive Director	6 years & 6 months
Cham Teck Kuang Non-Independent Non-Executive Director	6 years & 6 months
Hu Keqin Non-Independent Non-Executive Director	6 years & 6 months
Ng Meng Kwai Senior Independent Non-Executive Director	3 years & 5 months
Rahima Beevi Binti Mohamed Ibrahim Independent Non-Executive Director	3 years & 2 months
Chin Wei Min Independent Non-Executive Director	2 years & 8 months
Chow Meow Luan Independent Non-Executive Director	2 years & 8 months
Ng Lee Kuan ⁽²⁾ Independent Non-Executive Director	5 years & 2 months

Note:

⁽¹⁾ Ir. Gan Hung Keng and Mr. Ong Weng Leong relinquished their positions as CEO and COO effective 1 January 2026 and 1 February 2026, respectively.

⁽²⁾ 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

Board Leadership and Effectiveness (Cont'd)

PART II – BOARD COMPOSITION (CONT'D)**5.2 Board Composition**

Kelington was included in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index (“Indexes”) on 20 December 2021 and has continued to remain in the Indexes through the financial year 2025. With a market capitalisation exceeding RM2 billion, Kelington qualifies as a Large Company under the MCGG 2021. In line with the MCGG 2021 requirements, the Board of a Large Company is expected to 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 MCGG 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 2025 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 MCGG 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.

In FY2025, none of the independent directors have served beyond the 12-year tenure limit. The Company continues to comply with the MMLR of Bursa Securities and the recommendations of the MCGG 2021, including the Independent Directors’ Nine-Year Tenure Policy adopted in February 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

Board Leadership and Effectiveness (Cont'd)

PART II – BOARD COMPOSITION (CONT'D)**5.4 Policy of Independent Director’s Tenure**

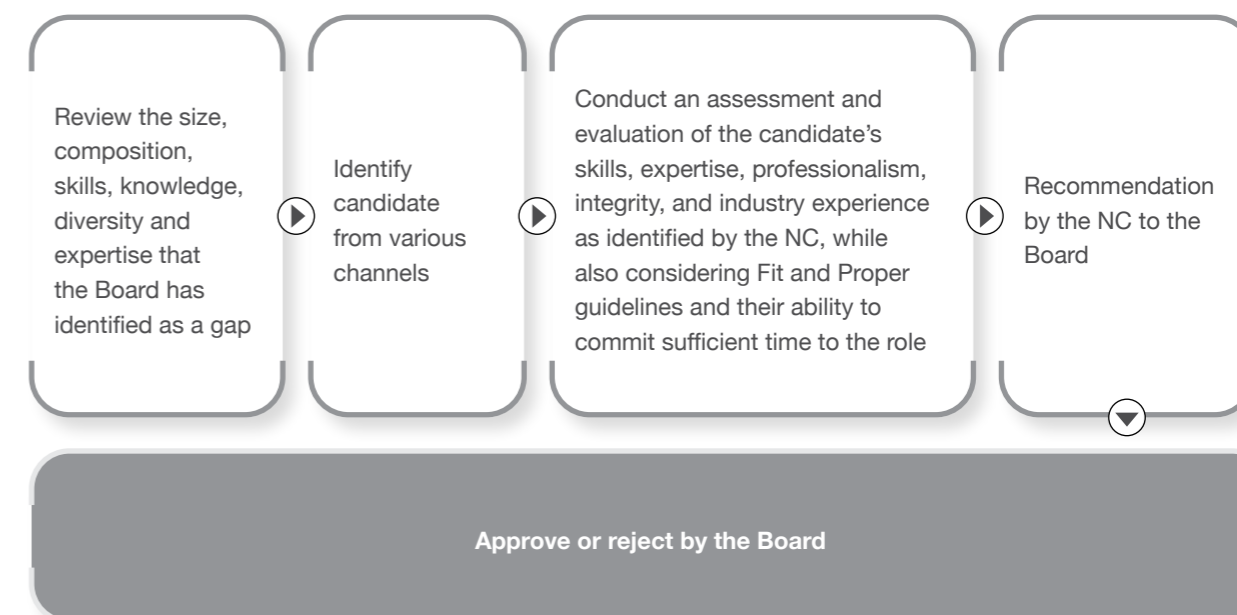
The Board has fully adopted the Independent Directors’ Nine-Year Tenure Policy, in strict compliance with the MCGG 2021 guidelines. Under this policy, the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion, they must vacate their Board seat but may continue 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 FY2025, there were no new appointments to the Board. The NC remains committed to ensuring that any future appointments adhere to established procedures, including a assessment of candidates' background, professional qualifications, knowledge, integrity, competencies, independence, and compliance with the Fit and Proper Guidelines.

5.7 Chairmanship of the NC

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

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 2025, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

Board Leadership and Effectiveness (Cont'd)

PART II – BOARD COMPOSITION (CONT'D)**5.7 Chairmanship of the NC (Cont'd)**

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 the performance of the Chief Financial Officer;
- Reviewed the fit and proper assessment for Key Responsible Person;
- Assessed the training needs of the Directors; and
- Reviewed and assessed the appointment of new CEO.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2025, the Company continues to maintain its target of 30% women directors. The Board 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, reflecting the Board's ongoing 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 place 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 pages 113 to 119 of the Sustainability Report 2025 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 26th AGM and they have expressed their willingness to seek for re-election at the 26th AGM:

- (i) Mr. Ng Meng Kwai is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution;
- (ii) Puan Rahima Beevi Mohamed Ibrahim is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution; and
- (iii) Ms. Chow Meow Luan is subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution.

Pursuant to the NC's recommendation following the assessment carried out in February 2026 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 7 Board meetings were held in FY2025.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2025, 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	7/7	–	–	–	–	1/1
Ong Weng Leong	7/7	–	–	–	–	1/1
Cham Teck Kuang	6/7	–	2/2	–	–	1/1
Hu Keqin	7/7	–	1/2	–	–	1/1
Soh Tong Hwa	7/7	–	1/2	–	–	1/1
Ng Meng Kwai	7/7	5/5	–	–	2/2	1/1
Rahima Beevi Binti Mohamed Ibrahim	7/7	–	–	2/2	2/2	1/1
Chin Wei Min	7/7	–	2/2	2/2	–	1/1
Chow Meow Luan	7/7	5/5	–	2/2	–	1/1
Ng Lee Kuan	7/7	5/5	2/2	–	2/2	1/1

Additionally, Directors are required to notify the Chairman before accepting any new directorships in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2025, 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	BoardRoom Webinar: Comprehending the Johor-Singapore SEZ Incentives and Corporate Governance Trends in Malaysia	20 March 2025
	KPMG Webinar: Embedding ESG for Service Excellence	18 June 2025
	The Edge-HSBC Johor-Singapore Special Economic Zone (JS-SEZ) Forum 2025 at Doubletree by Hilton Johor Bahru	23 June 2025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S2 Climate Scenario Analysis Quantification	14 August 2024
	Khazanah Megatrends Forum 2025 – In-person at Mandarin Oriental Kuala Lumpur on 6 October 2025 & via online platform on 7 October 2025	6 – 7 October 2025
Ong Weng Leong	KPMG Webinar: Advanced ESG Reporting	15 January 2025
	KPMG Webinar: Empowering ESG Capacity Building	29 May 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	In-person Masterclass on Shifting Regulatory Landscape: Why Governance & Compliance Matter More Than Ever, organised by the Malaysian Institute of Management (MIM)	18 July 2025
	Webinar: Climate Governance Malaysia's Global Summit 2025, organised by Climate Governance Malaysia (CGM)	29 September 2025
Soh Tong Hwa	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	KPMG Webinar: Decarbonisation and target setting strategies that deliver	18 November 2025
Hu Keqin	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
	BoardRoom Webinar: Expanding to Singapore & Malaysia: Key Tax and Accounting Insights	29 May 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	Webinar: Climate Governance Malaysia's Global Summit 2025, organised by Climate Governance Malaysia (CGM)	29 September 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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
Cham Teck Kuang	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
	BoardRoom Webinar: Comprehending the Johor-Singapore SEZ Incentives and Corporate Governance Trends in Malaysia	20 March 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	Webinar: Climate Governance Malaysia's Global Summit 2025, organised by Climate Governance Malaysia (CGM)	29 September 2025
	Webinar Briefing on New Disclosure Requirements for Shariah Screening by Bursa Malaysia Berhad and the Securities Commission Malaysia	10 December 2025
Ng Meng Kwai	MIA Webinar: Sustainability Reporting and Assurance - A Roadmap for Accountancy Practitioners	30 April 2025
	KPMG Webinar: Stay Ahead of IRB's Evolving Tax Enforcement Strategies	23 May 2025
	MIA Webinar: Preparing to Transit from Existing MPERS to the New IFRS for SMEs	2 July 2025
	MIA Webinar: Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions	13 August 2025
	CTIM 2026 Budget Seminar	11 November 2025
Rahima Beevi Binti Mohamed Ibrahim	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
	Advanced Accreditation in Team Coaching – ICF, organized by International Coaching Federation (ICF) / AATC / JMC, awarded for mastery-level competency through 84 hours of team coaching, mentoring, resource development, and assessment.	21 January 2025
	Certificate of Achievement in "Utilising AI Tools in Organisational Settings," organised by CAD Design Centre.	17 & 18 June 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 1025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S2 Climate Scenario Analysis Quantification	14 August 2025
	Webinar: Climate Governance Malaysia's Global Summit 2025, organised by Climate Governance Malaysia (CGM)	29 September 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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
Chow Meow Luan	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
	BoardRoom Webinar: Preparing for 2025: Key Tax, Accounting and Legal Highlights on E-Invoicing and Finance Act 2024 for Malaysian Businesses	16 January 2025
	BoardRoom Webinar: Understanding MBRS 2.0 in Malaysia: Compliance & Best Practices	25 February 2025
	BoardRoom Webinar: Comprehending the Johor-Singapore SEZ Incentives and Corporate Governance Trends in Malaysia	20 March 2025
	KPMG Webinar: Stay Ahead of IRB's Evolving Tax Enforcement Strategies	23 May 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S2 Climate Scenario Analysis Quantification	14 August 2025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S1 and S2 Compliance & Transition Planning	25 September 2025
	KPMG Webinar: Designing controls for IFRS S1 and S2 compliance	16 October 2025
	KPMG Webinar: Decarbonisation and target setting strategies that deliver	18 November 2025
Chin Wei Min	2025 Audit Oversight Board's Conversation with Audit Committees	25 November 2025
	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
Chin Wei Min	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S2 Climate Scenario Analysis Quantification	14 August 2025
	Webinar Briefing on New Disclosure Requirements for Shariah Screening by Bursa Malaysia Berhad and the Securities Commission Malaysia	3 December 2025
	JC3 SLB/SLS Outreach Webinar: Navigating the Sustainability-Linked Financing Landscape in Malaysia: Practical Insights for Issuers and Market Participants	4 December 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Lee Kuan	KPMG Webinar: Malaysian Financial Reporting Standards (MFRS) Updates 2024	7 January 2025
	BoardRoom Webinar: Preparing for 2025 - Key Tax, Accounting and Legal Highlights on E-Invoicing and Finance Act 2024 for Malaysian Businesses	16 January 2025
	KPMG Webinar: Stay Ahead of IRB's Evolving Tax Enforcement Strategies	23 May 2025
	KPMG Webinar: Climate-related Risk Assessment and Integrating Climate Risks into Risk Management Processes	16 July 2025
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	22 & 23 September 2025
	KPMG Webinar: International Financial Reporting Standards (IFRS) S2 Climate Scenario Analysis Quantification	14 August 2025
	Webinar: Climate Governance Malaysia's Global Summit 2025, organised by Climate Governance Malaysia (CGM)	29 September 2025
	Selangor Investment & Industrial Park Expo 2025 at Kuala Lumpur Convention Centre	10 October 2025
2025 Audit Oversight Board's Conversation with Audit Committees	25 November 2025	

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 briefings, conferences, forums, seminars and training programs 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2025 are as follows:

COMPANY LEVEL	Fee (RM)	Salary & Allowance (RM)	Bonus (RM)	EPF (RM)	SOCSSO (RM)	Share Based Payment (RM)	Benefits-in-kind (RM)	Gratuity Payment ⁽²⁾ (RM)	Total (RM)
Executive Directors									
Ir. Gan Hung Keng ⁽¹⁾	-	960,022	1,057,914	115,200	893	-	28,000	160,000	2,322,029
Ong Weng Leong	-	867,486	955,416	104,040	1,393	-	28,000	144,500	2,100,835
Total	-	1,827,508	2,013,330	219,240	2,286	-	56,000	304,500	4,422,864
Non-Executive Directors									
Rahima Beevi Binti Mohamed Ibrahim	58,190	1,600	-	-	-	-	-	-	59,790
Chin Wei Min	58,190	2,000	-	-	-	-	-	-	60,190
Chow Meow Luan	58,190	2,000	-	-	-	-	-	-	60,190
Ng Meng Kwai	64,009	2,000	-	-	-	-	-	-	66,009
Ng Lee Kuan	58,190	2,000	-	-	-	-	-	-	60,190
Cham Teck Kuang	-	-	-	-	-	-	-	-	-
Hu Keqin	-	-	-	-	-	-	-	-	-
Soh Tong Hwa	-	-	-	-	-	-	-	-	-
Total	296,769	9,600	-	-	-	-	-	-	306,369
Total Directors' Remuneration	296,769	1,837,108	2,013,330	219,240	2,286	-	56,000	304,500	4,729,233

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2025 are as follows: (Cont'd)

GROUP LEVEL	Fee (RM)	Salary & Allowance (RM)	Bonus (RM)	EPF (RM)	SOCSSO (RM)	Share Based Payment (RM)	Benefits-in-kind (RM)	Gratuity Payment ⁽²⁾ (RM)	Total (RM)
Executive Directors									
Ir. Gan Hung Keng ⁽¹⁾	-	960,022	1,057,914	115,200	893	-	28,000	160,000	2,322,029
Ong Weng Leong	-	867,486	955,416	104,040	1,393	-	28,000	144,500	2,100,835
Total	-	1,827,508	2,013,330	219,240	2,286	-	56,000	304,500	4,422,864
Non-Executive Directors									
Rahima Beevi Binti Mohamed Ibrahim	58,190	1,600	-	-	-	-	-	-	59,790
Chin Wei Min	58,190	2,000	-	-	-	-	-	-	60,190
Chow Meow Luan	58,190	2,000	-	-	-	-	-	-	60,190
Ng Meng Kwai	64,009	2,000	-	-	-	-	-	-	66,009
Ng Lee Kuan	58,190	2,000	-	-	-	-	-	-	60,190
Cham Teck Kuang	-	809,612	676,396	29,992	-	-	-	-	1,516,000
Hu Keqin	-	813,533	676,396	39,989	-	-	-	-	1,529,918
Soh Tong Hwa	-	867,000	733,168	206,157	1,786	-	28,000	-	1,836,111
Total	296,769	2,499,745	2,085,960	276,138	1,786	-	28,000	-	5,188,398
Total Directors' Remuneration	296,769	4,327,253	4,099,290	495,378	4,072	-	84,000	304,500	9,611,262

Remarks:

⁽¹⁾ During the financial year under review, Ir. Gan Hung Keng served as the Group's CEO before relinquishing his position effective 1 January 2026.

⁽²⁾ 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 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 AC**

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 2025, are set out in the AC Report on pages 91 to 95 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 an External Auditors 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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.

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 the External Auditors 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 24 April 2026, 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 2025. 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 FY2025 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 External Auditors Policy, as well as having received the assurance from Crowe as stated above and compliance with the relevant professional and regulatory requirements, the AC recommended their reappointment to the Board for shareholder approval at the 26th 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B

Effective Audit and Risk Management (Cont'd)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**10. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)**

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.

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 96 to 111 of this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 December 2025.

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 Chief Financial Officer.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. Shareholders were provided with clear guidance notes on the administrative matters and conduct of the AGM in respect of their attendance at the AGM.

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, Chief Financial Officer and External Auditors were in attendance to answer questions raised by the shareholders. During the 25th AGM, shareholders were given slide presentations of the businesses and operations of the Group.

Pursuant to 2.19 of the MMLR and Clause 88 of the Company's Constitution, the Notice of AGM, Proxy Form, Annual Report and Share Buy-Back Statement can be downloaded from the Company's website at <https://www.kelington-group.com/general-meeting/>.

The 25th AGM of the Company held on 25 June 2025, was held physically 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, to provide shareholders with the opportunity to attend, engage with the Board and senior management, and exercise their voting rights in person.

Boardroom Share Registrars Sdn. Bhd. was appointed as the Poll Administrator to conduct the electronic polling process during the AGM, facilitating the voting on resolutions.

All the shareholders could raise questions including but not limited to the Company's financial and non-financial performance and long-term strategies during the Meeting. Shareholders may submit their questions prior to the conduct of the meetings via email to ccid@kelington-group.com.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 24 April 2026.

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 2025. 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 5 meetings were held in Financial Year 2025 ("FY2025"). The AC members and details of attendance of each member at the AC meetings held during the FY2025 are as follows:

Audit Committee	Meeting Attendance
Ng Meng Kwai (<i>Senior Independent Non-Executive Director</i>) Chairman	5/5
Chow Meow Luan (<i>Independent Non-Executive Director</i>) Member	5/5
Ng Lee Kuan (<i>Independent Non-Executive Director</i>) Member	5/5

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.

The AC had two private sessions with the Internal Auditors, GRC Consulting Services Sdn. Bhd. without the presence of Executive Directors and the Management to facilitate open discussions on key audit matters and internal control issues.

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.

AUDIT COMMITTEE REPORT

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 2025 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 MCGG 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 2025. 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

AUDIT COMMITTEE REPORT

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 fees paid to the External Auditors and their affiliates for FY2025 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 FY2026 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 the allocation of shares under the Employee Share Scheme;
- (f) Reviewed updates on compliance with bank loan covenants;
- (g) Reviewed the revised Audit Committee Evaluation Form and Financial Literacy Questionnaire;
- (h) Reviewed the revised ToR of the AC to be in line with the MMLR and the MCGG 2021; and
- (i) Assessed the assistance given by the employees of the Group to the External Auditors and the Internal Auditors.

AUDIT COMMITTEE REPORT

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.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT ("IA") FUNCTION (CONT'D)

During the FYE 31 December 2025, the outsourced IA function undertook review on the following businesses of the Group:

Entity	Scope of Internal Audit
Kelington Engineering (Shanghai) Co. Ltd.	<ul style="list-style-type: none"> • Governance Review • Sales & Marketing Functions • Project Management • Supply Chain Management • Human Resources Management • Financing & Liquidity • Legal & Contract Administration • Information and Technology • Compliance Risk & Testing of Internal Controls
Ace Gases Group	<ul style="list-style-type: none"> • Sales & Marketing Risk • Supply Chain and Procurement Risk • Financing & Liquidity Risk • Legal & Contract Risk • Human Resources and Succession Planning Risk • Information And Technology and Cyber Security Risk • Compliance Risk • Environmental, Social & Governance (ESG) Risk

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 RM93,000 for the FYE 31 December 2025. The AC Report was approved by the Board on 24 April 2026.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Kelington Group Berhad (“KGB”) is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries (“Group”) which outlines the nature and scope of risk management and internal control for the financial year ended (“FYE”) 31 December 2025. 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 (SORMIC Guide 2025) and the Malaysian Code on Corporate Governance 2021 (“MCCG”).

As outlined in the 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 ensuring the effectiveness of the Group’s risk management and internal control systems by continuously reviewing their adequacy and effectiveness to safeguard the Group’s assets and shareholders’ interests. This includes management self-assessments using diagnostic criteria aligned to the IIA SORMIC Guide 2025, internal audit reviews, and deliberations by the Audit Committee (“AC”). 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.

The Board is assisted by the AC and RMC, which are empowered by their respective 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

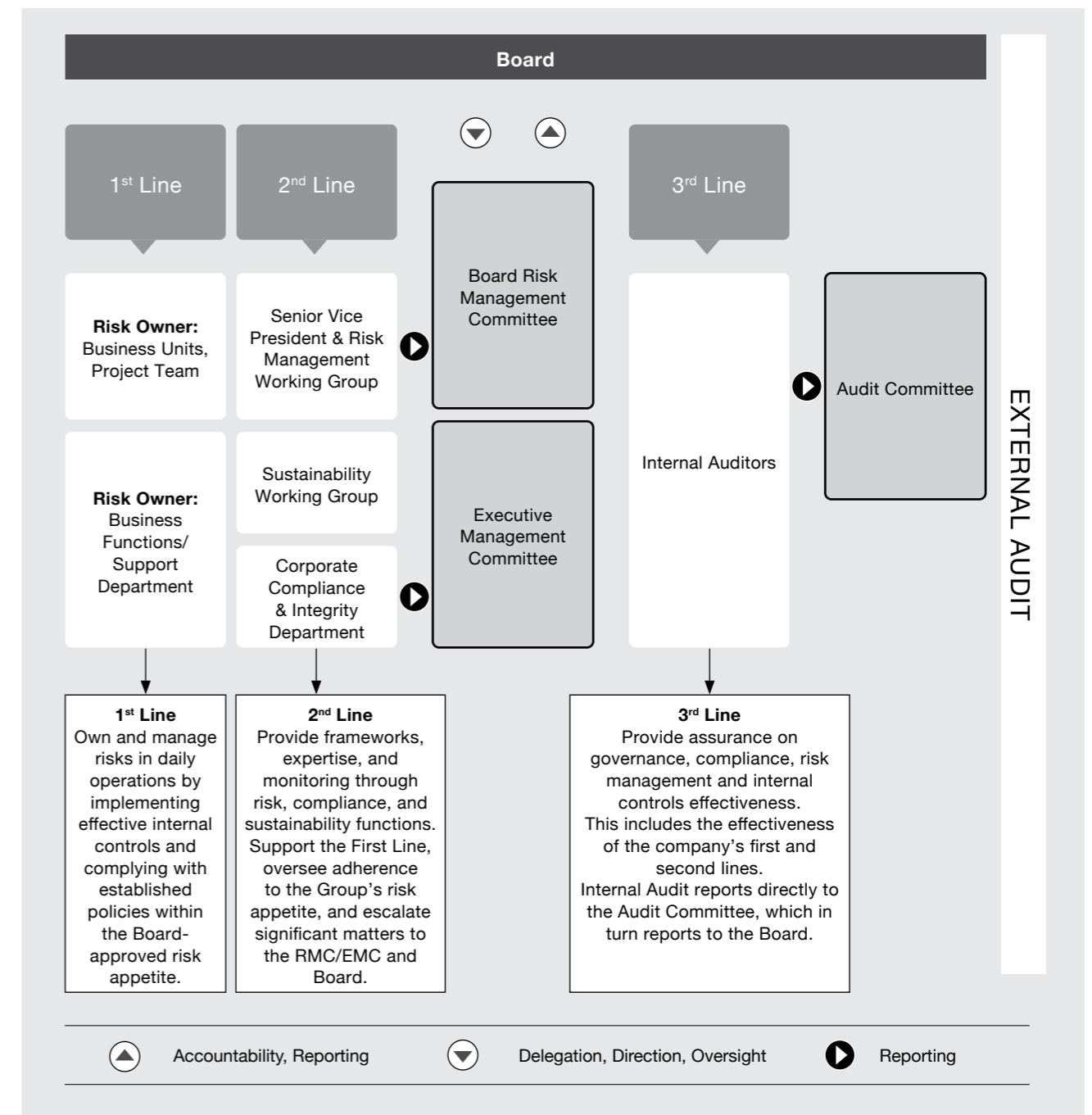
The Board acknowledges that the Group business activities involve some degree of risk, and thus, key management staff and heads of departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont’d)

The Group has established a governance and risk management framework guided by recognised best practices, including the IIA Three Lines Model (2020). This model clarifies roles and responsibilities across the organisation, ensuring effective collaboration and accountability in managing risks and controls.

The Board, supported by the Audit Committee and the Risk Management Committee (“RMC”), provides oversight and strategic direction. The Board sets the Group’s risk appetite, approves the risk management framework, and monitors alignment with business objectives.



STATEMENT OF RISK MANAGEMENT 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 RMC, oversees the Group's risk management framework and obtains assurance, through the independent consultant 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 ("EMC") 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 EMC 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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 ESG (Environment, Social, Governance) risks and opportunities, 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

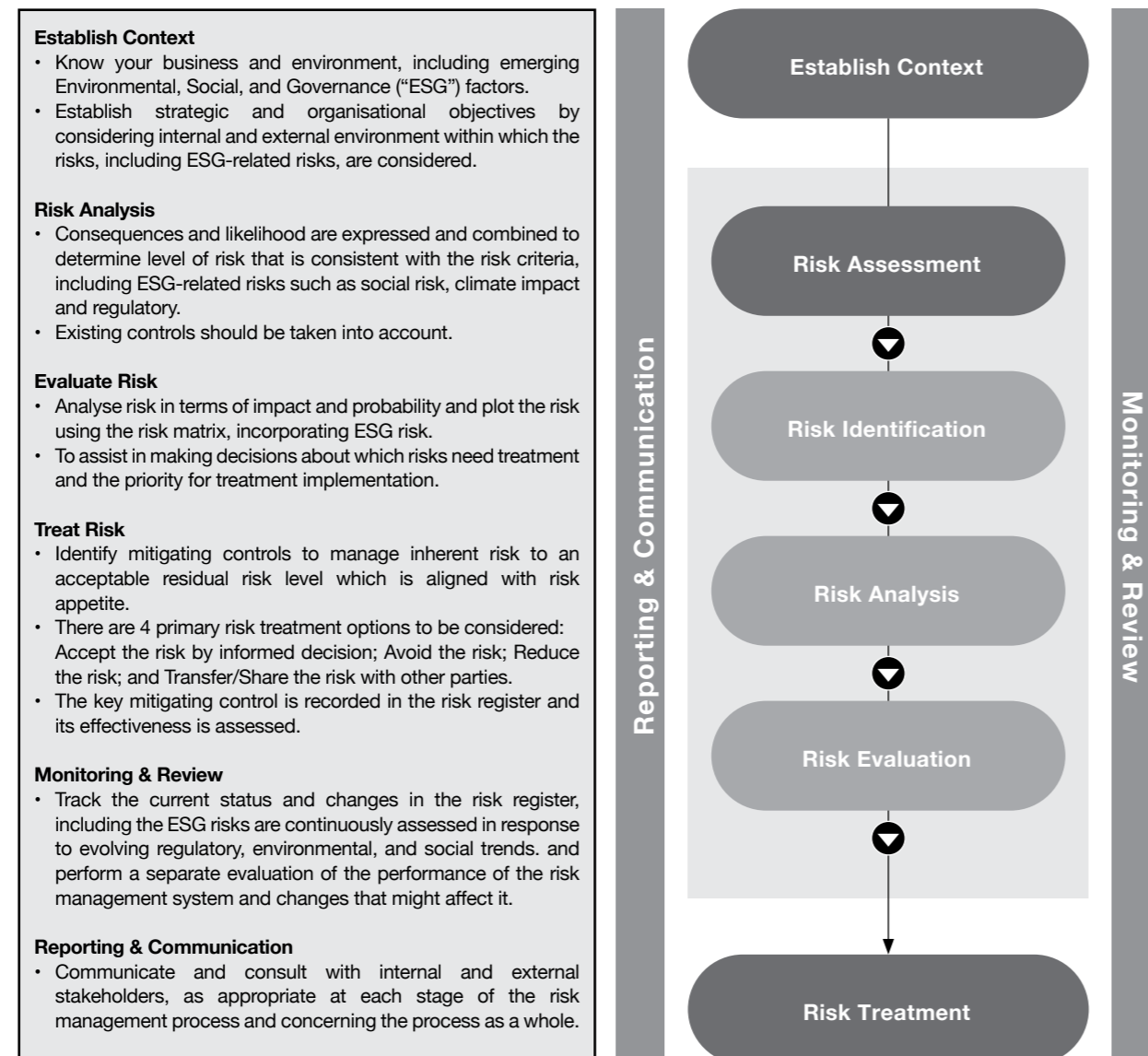
The Board places strong dedication and commitment of the highest standards towards effective enterprise risk management in-line with best practices in corporate governance guided by the MCCG. An enterprise risk management approach aligns strategy, processes, people, technology, and knowledge with the 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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:



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 21 November 2025. The RMC reviewed the Enterprise Risk Management: Risk Action Plans Implementation Report on 24 April 2025. 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The Board of Directors recognises that clearly defined risk appetite and tolerance are fundamental to effective enterprise risk management. Kelington Group Berhad's Risk Appetite Statement (“RAS”) sets out the types and levels of risk the Group is willing to accept in pursuit of its strategic and operational objectives, with a focus on residual risk after controls and safeguards are applied.

The Board, through the RMC, reviews the RAS annually or earlier if significant changes in the business or regulatory environment materially affect the Group's risk profile, while the Executive Management Committee ensures business operations remain within approved risk parameters. Key risk categories covering strategic growth, contractual, operational, financial, Health, Safety & Environment, compliance, cybersecurity, and sustainability risks are monitored using Key Risk Indicators (KRIs). Breaches or near-breaches of risk tolerance trigger immediate escalation and corrective action.

The Group's risk appetite is guided by principles of value creation and protection, safety, compliance, and ESG responsibility, and is informed by its capacity to manage financial, operational, regulatory, and sustainability-related exposures. The Board retains ultimate oversight, with Management accountable for implementation and reporting, ensuring the Group's risk management remains dynamic and aligned with its strategic objectives and the evolving business 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 and those associated with the Group's expansion into international markets. The risks are assessed in terms of likelihood and impact as well as the adequacy of existing controls and mitigation measures to manage such risks effectively.

Risk Profile Analysis

In FYE 2025, 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

Corruption risk assessments are conducted periodically, as directed by the Board, and at a minimum once every three years to identify, evaluate, and mitigate corruption-related risks across the Group. The most recent assessment was conducted in FY2023, with the next assessment scheduled for FY2026.

Furthermore, the RMC reviews the status of implementation of adequate procedures in accordance with Section 17A under the Malaysian Anti-Corruption Commission Act 2009 on an annual basis. This review supports ongoing compliance and ensures the continued effectiveness of the Group's anti-corruption framework.

ESG Risk Assessment

An ESG risk assessment was conducted during FYE2025, encompassing the evaluation of environmental, climate-related, and broader sustainability factors that could impacts Kelington's performance, reputation, or long-term value creation. The objective of the assessment is to identify, prioritise, and mitigate risks while also capturing opportunities that enhance the Group's resilience and strategic positioning.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The RMC reviewed the findings and deliberated on the potential impacts of climate-related risks and opportunities, ensuring that both climate and wider sustainability considerations are systematically integrated into the Group's enterprise risk management framework and overall sustainability strategy. Here are the top 5 prioritised risks following the ESG risk assessment:

ESG Risk	Impact	Risk Mitigation Plan
Environmental and Climate-related Risk	May lead to regulatory sanctions, increased compliance and operating costs, and disruptions to operations and supply chains arising from environmental and climate-related risks. This may result in project delays, cost overruns, and margin erosion, ultimately impacting the Group's financial performance, enterprise value, and stakeholder confidence.	Please refer to pages 47 to 84 of the Sustainability Report 2025
Occupational Health and Safety Issues	Risks to workforce health and safety remain a key operational concern. Workplace incidents, including physical injuries or psychosocial stressors, can lead to regulatory penalties, production interruptions, increased compensation costs, and lost productivity. As stakeholders increasingly prioritise worker wellbeing, inadequate health and safety performance could erode trust among employees, investors, and customers, affecting labour stability and the Group's reputation.	Please refer to pages 85 to 100 of the Sustainability Report 2025
Supply Chain Human Rights and Social Compliance Risk	Social risks in the supply chain including forced labour, discrimination, unfair employment practices, and corruption allegations may result in legal liabilities, contract terminations, regulatory action, and reputational damage. With increasing stakeholder and regulatory focus on human rights and responsible sourcing, failure to meet expected standards may lead to exclusion from sustainable procurement frameworks, loss of business opportunities, and erosion of stakeholder trust.	Please refer to pages 118 to 125 of the Sustainability Report 2025
Stakeholder Relations and Engagement Risk	Ineffective engagement with customers, employees, local communities, investors, and other key stakeholders may lead to resistance to projects, diminished trust, and reputational damage.	Please refer to pages 14 to 20 of the Sustainability Report 2025
Cybersecurity and Data Protection Risk	Cybersecurity threats, including data breaches, ransomware attacks, and system intrusions, may disrupt operations, compromise sensitive information, and result in regulatory penalties and financial losses. Increasing reliance on digital systems and evolving cyber threats may further expose the Group to operational disruption, reputational damage, and loss of stakeholder confidence.	Please refer to pages 127 to 130 of the Sustainability Report 2025

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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 2025, 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 13 significant risks identified for FYE 2025 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) All business units established their strategic plans for the years 2026 to 2028. 1.2) Regularly reviewing business plan against performance to address any shortfalls. 1.3) Focus on enhancing efficiency and productivity across the operations.	High
R2	Ability to Achieve Strategic Plan	Unable to meet stakeholders' expectation.	2.1) Tracking and monitoring of strategic status. 2.2) Closely monitor via monthly report and monthly operation meetings. 2.3) Quarterly report to the Board for Group performance.	Medium
R3	Succession Risk (for Key Management)	A critical role remains vacant beyond the acceptable timeframe, leading to operational disruptions, reduced efficiency, and potential impacts on overall business performance.	3.1) Regularly review the succession pipeline for key management positions and identify any gaps where necessary. 3.2) Monitor succession planning progress on an ongoing basis. 3.3) Implement targeted training and development programmes to ensure readiness of identified successors for key management roles.	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. 4.2) Integrate ESG discussions into the boardroom agenda and incorporate them into the board's deliberations regarding the Company's strategies.	Medium

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The management of 13 significant risks identified for FYE 2025 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 Advanced Engineering specialising in constructing gas and chemicals 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. 5.2) Improve price competitiveness through price submission consistency and strategic sourcing of materials. 5.3) Developing and exploring new markets that complement our base capabilities that will bring in recurring income. 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 Overdue Payments	As at FYE 31 Dec 2025, the balance of trade receivables amounted to RM434.62 million of which RM95.37 million exceeded their credit terms. 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. 6.2) Persistent and close monitoring of collection of outstanding payments. 6.3) Assessing credit worthiness of potential Customers.	Low

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The management of 13 significant risks identified for FYE 2025 are outlined below: (Cont'd)

No.	Risk Title	Impact	Risk Mitigation Action	Residual Risk Rating
R7	Geographical Expansion Risk	The Group's expansion into new geographical markets and execution of major projects expose it to regulatory, contractual, operational, and geopolitical risks. Ineffective management of these risks may lead to project delays, cost overruns, margin erosion, regulatory breaches, and reputational impact.	7.1) Develop local partnerships and strengthen supplier due diligence processes. 7.2) Establish Key Risk Indicators (KRIs) to monitor cost overruns, delays, manpower gaps, and margin erosion. 7.3) Monitor risks through monthly reporting and CEO dashboards. 7.4) Report quarterly to the Board on Group performance and key 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. 8.2) Project Risk Management Process. 8.3) Understand customer needs and expectations, provide quality products and services, ensure customer satisfaction.	Medium
R9	Contractual Risk – Liquidated 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. 9.2) Project Manager to oversee the project risk management process throughout the contract period.	Medium
R10	Data Back Up & Data Recovery	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. 10.2) To establish secondary back up for company data. 10.3) To establish audit trail capability to address any potential data loss scenarios.	High

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

The management of 13 significant risks identified for FYE 2025 are outlined below: (Cont'd)

No.	Risk Title	Impact	Risk Mitigation Action	Residual Risk Rating
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. 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. 12.2) Perform periodic bribery risk assessments. 12.3) Review and update anti-bribery policy regularly.	Medium
R13	Low Carbon Transition Risk	The transition to a low-carbon economy represents the risk that the Group may not be able to align its business model and operations with the global shift towards net zero. This includes reducing carbon emissions from high-energy processes, optimising logistics, and adopting cleaner energy sources. This transition is both a compliance requirement and a strategic necessity to remain competitive in the evolving "green" global supply chain.	13.1) Continuously monitor carbon emissions against the Group's KPI targets for 2030. 13.2) Provide semi-annual reporting to the Board on sustainability practices and ESG performance.	Medium

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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, including its scope, resources, independence, and performance, are set out in the AC Report on pages 94 to 95 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 ensures 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 comprehensively reviewed, deliberated, and approved by the Board. The Board's expectations are clearly communicated to Management and are well understood. In its oversight capacity, the Board monitors the execution of the strategic business plan, evaluates the Group's actual performance against the approved plan and budget, and provides continuous guidance to Management. Through this structured governance process, the Board ensures that the Group's strategic objectives are effectively implemented and remain aligned with the Company's long-term vision and sustainable growth agenda.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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.

Integration of Climate-Related Controls Across Internal Functions

The Group integrates climate-related controls and procedures across key internal functions to support the effective management of sustainability-related risks and opportunities. Heads of Business Functions are responsible for embedding sustainability-related processes and internal controls into day-to-day operations within their respective areas, ensuring alignment with the Group's sustainability strategy and Enterprise Risk Management ("ERM") framework.

- i. The Finance function is progressively incorporating climate-related considerations into financial planning, investment evaluation and capital allocation processes. This includes assessing potential financial implications arising from energy costs, regulatory developments, and transition risks associated with the shift towards a low-carbon economy. Finance also supports the monitoring and reporting of sustainability-related metrics, including green revenue and sustainability investments, although the broader financial impacts of these factors are still being further quantified and integrated into decision-making.
- ii. Human Resources integrates sustainability and climate awareness into employee development programmes and organisational capability building. ESG-related training and awareness initiatives are conducted to strengthen employees' understanding of climate-related risks and opportunities, while supporting the development of competencies required to implement the Group's sustainability strategy.
- iii. Operational and SHEQ (Safety, Health, Environment and Quality) functions incorporate climate-related considerations into engineering activities, project planning and environmental management practices. Operational procedures are periodically reviewed to enhance resource efficiency, reduce environmental impacts and strengthen resilience to potential climate-related disruptions such as extreme weather events and supply chain constraints.
- iv. The Supply Chain Management function integrates sustainability considerations into procurement practices, including engagement with suppliers on environmental and sustainability expectations. This supports the Group's efforts to manage upstream environmental risks and improve supply chain resilience.
- v. Risk Management and Compliance functions oversee the identification, assessment and monitoring of climate-related risks and opportunities within the Group's ERM framework. Climate-related risks are recorded in the ESG Risk Register and reviewed periodically by the RMC to ensure appropriate mitigation measures and internal controls are in place.

Operational oversight is supported through cross-functional coordination mechanisms. The Sustainability Working Group monitors sustainability performance and implementation of sustainability initiatives, while the Chief Sustainability Officer consolidates sustainability reporting and provides updates to the Board and the Risk Management Committee at least twice a year.

Through this integrated governance approach, sustainability considerations are embedded into operational execution, strategic and financial planning, and risk management processes, enabling effective decision-making and comprehensive Board oversight.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

2.0 Key Features of the Risk Management and Internal Control Frameworks (Cont'd)**2.5 Internal Control (Cont'd)****(k) Health, Safety and Environment ("HSE")**

The HSE Working Committee oversee the Group's health, safety and environmental management practices, ensuring compliance with applicable laws and regulations, alignment with client requirements and adherence to recognised industry standards.

All employees are required to work safely, cooperate with established safety procedures and act responsibly to prevent injury to themselves, others and the environment.

Guided by the Group's Health and Safety Policy and Environmental Policy, Kelington Group is committed to maintaining safe and environmentally responsible operations through the following key principles:

- Prevent workplace accidents, occupational diseases and fire incidents;
- Protect employees, contractors, assets and surrounding communities;
- Minimise environmental impacts and prevent pollution;
- Implement safe systems of work and effective environmental management practices;
- Promote HSE awareness and training among employees; and
- Maintain emergency preparedness and response procedures for potential incidents.

These initiatives support the Group's broader sustainability strategy by strengthening operational safety, environmental protection and regulatory compliance across all business activities.

(l) Related Party Transactions

Related party transactions (if any) are disclosed, reviewed, and monitored by the AC and presented to the Board periodically.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3.0 Limitations

The Board recognises inherent limitations in any risk management and internal control system, including human error, collusion, management override, cost-benefit considerations, and unforeseen circumstances.

Accordingly, the systems can only provide reasonable, not absolute, assurance against material misstatement, loss, or fraud.

4.0 Conclusion

Based on the various procedures and controls 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 were adequate and effective throughout the financial year under review and up to the date of approval of this Statement. The Board would also like to highlight that much management attention is required to augment the cyber security capability at KGB, in addition to establishing the audit trail capability to address any potential data loss situation.

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.

Recognising the need for continuous improvement, the Board remains committed to enhancing the Group's risk management and internal control practices to safeguard shareholders' investments and assets. Looking ahead, the Board will continue to strengthen these areas while paying close attention to evolving risks such as artificial intelligence, geopolitical uncertainties, supply chain resilience, and climate-related litigation, to ensure the Group remains resilient and future-ready.

5.0 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 Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies 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 24 April 2026.

FINANCIAL STATEMENTS

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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 2025.

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	150,995	94,277
Attributable to:-		
Owners of the Company	150,927	94,277
Non-controlling interests	68	-
	150,995	94,277

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2024 are as follows:-

	RM'000
Ordinary Share	
<u>In respect of the financial year 31 December 2024</u>	
A fourth interim dividend of 2.00 sen per ordinary share, paid on 11 April 2025	14,452
<u>In respect of the financial year 31 December 2025</u>	
A first interim dividend of 2.50 sen per ordinary share, paid on 10 July 2025	18,789
A second interim dividend of 2.50 sen per ordinary share, paid on 10 October 2025	19,296
A third interim dividend of 2.50 sen per ordinary share, paid on 21 January 2026	19,526
A special dividend of 1.50 sen per ordinary share, paid on 21 January 2026	11,715
	83,778

On 25 February 2026, the Company declared a fourth interim dividend of 2.50 sen per ordinary share and a special dividend of 1.50 sen per ordinary share total amounting RM33,986,324 to in respect of current financial year, payable on 21 April 2026, to shareholders whose names appeared in the record of depositors on 10 April 2026. The financial statements for the current financial year do not reflect these interim dividend and special dividend. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

DIRECTORS' REPORT

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 RM183,981,450 to RM265,614,544 by way of:-
- (i) issuance of 3,684,900 new ordinary shares from the vesting of the Company's Employee Share Scheme ("ESS") amounted to RM1,000,450 which is the fair value of the ESS measured at grant date; and
 - (ii) issuance of 58,429,452 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of per warrant which amounted to RM80,632,644

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 2025, the Company held a total of 2,239,800 (2024 - 2,239,800) treasury shares out of the total 780,400,634 (2024 - 718,286,282) issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of approximately RM534,000 (2024 - RM534,000). The details on the treasury shares are disclosed in Note 19 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 shares 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. On 19 November 2025, the scheme has been extended for another 5 years, expiring on 5 July 2032.

The details of the ESS are disclosed in Note 20(c) to the financial statements.

DIRECTORS' REPORT

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.

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 2025, the total number of warrants that remain unexercised were 95,185,347 (2024 - 153,614,799) units. The details of the warrants are disclosed in Note 20(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.

DIRECTORS' REPORT

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.

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

DIRECTORS' REPORT

DIRECTORS (CONT'D)

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)
Kazuhiko Tomita (Appointed on 10 June 2025 and resigned on 1 September 2025)
Imam Syofwan Z.I (Appointed on 26 August 2025)
Lim Shin Yong (Appointed on 26 August 2025)
Miyaji Hayatoshi (Appointed on 1 September 2025)
Tea Chee Hen (Appointed on 26 November 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 ESS over unissued shares of the Company and its related corporations during the financial year are as follows:-

	← Number of Ordinary Share →				At 31.12.2025
	At 1.1.2025	Bought	ESS Vested	Sold	
The Company					
<i>Direct Interests</i>					
Gan Hung Keng	4,971,332	-	220,000	-	5,191,332
Ong Weng Leong	4,666,800	-	220,000	-	4,886,800
Soh Tong Hwa	4,286,732	1,000,000	220,000	-	5,506,732
Cham Teck Kuang	275,000	-	220,000	-	495,000
Hu Keqin	275,000	-	220,000	-	495,000
Ng Lee Kuan	5,000	-	-	(5,000)	-
<i>Indirect Interests</i>					
Gan Hung Keng *	135,406,980	-	-	-	135,406,980
Ong Weng Leong *	135,406,980	-	-	-	135,406,980
Soh Tong Hwa #	138,087,778	800,000	-	-	138,887,778
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..

- Deemed interested under Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of my direct interests in Palace Star and Sin Huat Hing Farm Sdn. Bhd., and shares held by my spouse and child respectively.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	← Number of Warrants →			At 31.12.2025
	At 1.1.2025	Bought	Sold	
<i>Warrants of the Company</i>				
<i>Direct Interests</i>				
Gan Hung Keng	1,565,444	-	-	1,565,444
Ong Weng Leong	1,463,933	-	-	1,463,933
Soh Tong Hwa	3,371,644	-	(1,000,000)	2,371,644
<i>Indirect Interests</i>				
Gan Hung Keng *	53,311,160	-	-	53,311,160
Ong Weng Leong *	53,311,160	-	-	53,311,160
Soh Tong Hwa #	54,344,758	-	(1,024,444)	53,320,314
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..

- Deemed interested under Section 8 and Section 59(11)(c) of the Companies Act 2016 by virtue of my direct interests in Palace Star and Sin Huat Hing Farm Sdn. Bhd., and shares held by my spouse and child respectively.

	← Number of Shares under ESS →			At 31.12.2025
	At 1.1.2025	Granted	Vested	
<i>ESS of the Company</i>				
<i>Direct Interests</i>				
Gan Hung Keng	825,000	-	(220,000)	605,000
Ong Weng Leong	825,000	-	(220,000)	605,000
Soh Tong Hwa	825,000	-	(220,000)	605,000
Cham Teck Kuang	825,000	-	(220,000)	605,000
Hu Keqin	825,000	-	(220,000)	605,000
Ng Meng Kwai	-	30,000	-	30,000
Rahima Beevi Binti Mohamed Ibrahim	-	30,000	-	30,000
Chin Wei Min	-	30,000	-	30,000
Chow Meow Luan	-	30,000	-	30,000
Ng Lee Kuan	-	50,000	-	50,000

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' REPORT

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(b) 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:-

	From the Company RM'000	From the Subsidiaries RM'000	Total RM'000
Fees	307	-	307
Salaries, bonuses and other benefits	3,843	4,578	8,421
Contributions to defined contribution benefits	219	276	495
Retirement gratuity fee	305	-	305
Estimated money value of benefits-in-kind	56	28	84
	4,730	4,883	9,613

INDEMNITY AND INSURANCE COST

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM10,000,000.

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.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during 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	850	257
Non-audit fees	8	8
	<u>858</u>	<u>265</u>

Signed in accordance with a resolution of the directors dated 24 April 2026

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 127 to 227 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2025 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 24 April 2026

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 127 to 227 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 24 April 2026

Jong Yu Huat

Before me

Muhammad Faiz Dharmendra Bin Abdullah
W737

Commissioners for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KELINGTON GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 199901026486 (501386 - P)

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 of the Group and of the Company as at 31 December 2025, 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 127 to 227.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(Incorporated in Malaysia)

Registration No: 199901026486 (501386 - P)

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

Refer to Notes 14 and 30 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.

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.

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.

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.

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:-

- Reviewed the contract value secured and projected budgeted costs;
- Assessed the estimated total costs to complete through enquiries with management;
- Assessed the management's assumptions in determining the liquidated and ascertained damages;
- Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- Compared contract budgets to actual outcomes to assess the reliability of management's estimation;
- Verified actual progress billings issued and actual costs incurred for the financial year;
- Checked subsequent billings of contract assets; and
- Recomputed profit recognised and checked calculation of the percentage of completion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KELINGTON GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 199901026486 (501386 - P)

Key Audit Matters (Cont'd)

Recoverability of trade receivables
Refer to Notes 8 and 12 to the financial statements
Key Audit Matter
The balance of trade receivables of the Group and of the Company amounted to RM434.62 million and RM13.80 million of which RM95.37 million and RM4.10 million exceeded their credit terms, respectively.
Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.
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:-
<ul style="list-style-type: none"> • Obtained an understanding of:- <ul style="list-style-type: none"> • the control over the trade receivables collection process; • the assessment on the impairment of trade receivables; and • the accounting estimates for impairment. • Reviewed the ageing analysis of receivables and tested its reliability; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries to management regarding the action plans to recover overdue amounts; • 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 previous collection experience; • Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; • 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 • 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
(Incorporated in Malaysia)
Registration No: 199901026486 (501386 - P)

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, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KELINGTON GROUP BERHAD

(Incorporated in Malaysia)

Registration No: 199901026486 (501386 - P)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit 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

Kuala Lumpur

24 April 2026

Tan Keng Chiew

03709/01/2027 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	85,838	85,838
Property, plant and equipment	6	227,433	209,059	16,002	3,123
Right-of-use assets	7	8,152	5,068	-	-
Amount owing by subsidiaries	8	-	-	26,876	29,790
Goodwill	9	6,563	6,826	-	-
Deferred tax assets	10	1,570	2,280	-	-
		243,718	223,233	128,716	118,751
CURRENT ASSETS					
Inventories	11	15,396	19,787	-	-
Trade receivables	12	434,619	299,388	9,258	4,677
Other receivables, deposits and prepayments	13	26,428	41,964	379	827
Contract assets	14	185,093	150,909	6,417	5,138
Amount owing by subsidiaries	8	-	-	9,470	11,141
Short-term investments	15	78,124	-	58,108	-
Current tax assets		2,335	1,790	35	116
Fixed deposits with licensed banks	16	200,046	210,136	133,251	58,540
Cash and bank balances	17	205,324	202,978	16,279	36,003
		1,147,365	926,952	233,197	116,442
TOTAL ASSETS		1,391,083	1,150,185	361,913	235,193

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	265,615	183,981	265,615	183,981
Treasury shares	19	(534)	(534)	(534)	(534)
Reserves	20	348,390	289,851	43,200	32,221
Equity attributable to the owners of the Company		613,471	473,298	308,281	215,668
Non-controlling interests	5	111	51	-	-
TOTAL EQUITY		613,582	473,349	308,281	215,668
NON-CURRENT LIABILITIES					
Lease liabilities	21	4,371	1,721	-	-
Hire purchase payables	22	3,636	4,129	-	-
Term loans	23	67,613	74,531	-	-
Deferred tax liabilities	10	12,944	10,902	-	-
Other payables	24	626	-	-	-
		89,190	91,283	-	-
CURRENT LIABILITIES					
Trade payables	25	239,877	188,978	8,007	5,550
Contract liabilities	14	193,444	222,360	159	181
Other payables and accruals	24	65,129	56,832	10,869	10,235
Amount owing to a subsidiary	8	-	-	1,237	1,365
Provisions	26	10,161	775	51	14
Lease liabilities	21	3,030	2,491	-	-
Short-term borrowings	27	128,965	102,397	2,068	2,180
Bank overdrafts	28	-	10	-	-
Dividend payable	29	31,241	-	31,241	-
Current tax liabilities		16,464	11,710	-	-
		688,311	585,553	53,632	19,525
TOTAL LIABILITIES		777,501	676,836	53,632	19,525
TOTAL EQUITY AND LIABILITIES		1,391,083	1,150,185	361,913	235,193

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 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
REVENUE	30	1,274,936	1,272,169	134,580	87,030
COST OF SALES		(1,000,869)	(1,027,385)	(26,748)	(21,654)
GROSS PROFIT		274,067	244,784	107,832	65,376
OTHER INCOME		11,756	12,426	6,045	5,185
		285,823	257,210	113,877	70,561
SELLING AND DISTRIBUTION EXPENSES		(5,289)	(4,751)	(292)	(224)
ADMINISTRATIVE EXPENSES		(65,538)	(74,268)	(11,485)	(11,383)
OTHER EXPENSES		(23,969)	(12,324)	(6,056)	(3,950)
FINANCE COSTS		(7,998)	(9,402)	(194)	(339)
NET REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS	31	7,028	2,306	(280)	(1,399)
PROFIT BEFORE TAXATION	32	190,057	158,771	95,570	53,266
INCOME TAX EXPENSE	33	(39,062)	(32,015)	(1,293)	(1,313)
PROFIT AFTER TAXATION		150,995	126,756	94,277	51,953
OTHER COMPREHENSIVE (EXPENSES)/ INCOME					
<u>Item that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(7,837)	(7,341)	1,261	2,561
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		143,158	119,415	95,538	54,514
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		150,927	124,349	94,277	51,953
Non-controlling interests		68	2,407	-	-
		150,995	126,756	94,277	51,953

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		143,098	117,010	95,538	54,514
Non-controlling interests		60	2,405	-	-
		143,158	119,415	95,538	54,514
EARNINGS PER SHARE (SEN)	34				
- Basic		20.26	18.43		
- Diluted		18.13	15.96		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	The Group	Non-distributable					Distributable		Attributable to Owners of the Company	Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Capital Reserve	Employee Share Scheme Reserve	Exchange Fluctuation Reserve	Retained Profits	RM'000			
Balance at 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	-	-	-	-	-	(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	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		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Group	Note	Non-distributable				Distributable			Total Equity RM'000
		Treasury Shares RM'000	Share Capital Reserve RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	
Balance at 31.12.2024/1.1.2025		(534)	40,314	3,895	5,854	239,788	473,298	51	473,349
Profit after taxation for the financial year		-	-	-	-	150,927	150,927	68	150,995
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	-	(7,829)	-	(7,829)	(8)	(7,837)
Total comprehensive income for the financial year		-	-	-	(7,829)	150,927	143,098	60	143,158
Contributions by and distributions to owners of the Company:									
- Dividends	36	-	-	-	-	(83,778)	(83,778)	-	(83,778)
- Employees' share scheme reserve		-	-	220	-	-	220	-	220
- Employees' share scheme vested	18	-	-	(1,001)	-	-	-	-	-
- Warrants exercised	18	-	-	-	-	-	80,633	-	80,633
- Transfer of non-distributable reserve funds by a subsidiary		-	577	-	-	(577)	-	-	-
- Transfer of non-distributable safety production reserve funds by a subsidiary		-	446	-	-	(446)	-	-	-
Total contributions by and distributions to owners of the Company		-	1,023	(781)	-	(84,801)	(2,925)	-	(2,925)
Balance at 31.12.2025		(534)	41,337	3,114	(1,975)	305,914	613,471	111	613,582

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Company	Note	Non-distributable			Distributable		Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	
Balance at 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	18	25,613	-	-	-	-	25,613
- Dividends	36	-	-	-	-	(58,152)	(58,152)
- Employees' share scheme vested	18	802	-	(802)	-	-	-
- Warrants exercised	18	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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Company	Non-distributable				Distributable		Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Employee Share Scheme Reserve RM'000	Exchange Fluctuation Reserve RM'000	Retained Profits RM'000	RM'000	
Balance at 31.12.2024/1.1.2025	183,981	(534)	3,895	(315)	28,641	215,668	
Profit after taxation for the financial year	-	-	-	-	94,277	94,277	
Other comprehensive income for the financial year:	-	-	-	1,261	-	1,261	
- Foreign currency translation differences	-	-	-	1,261	-	1,261	
Total comprehensive income for the financial year	-	-	-	1,261	94,277	95,538	
Contributions by and distributions to owners of the Company/Total transaction with owners:	-	-	-	-	(83,778)	(83,778)	
- Dividends	-	-	-	-	-	220	
- Employees' share scheme reserve	1,001	-	220	-	-	-	
- Employees' share scheme vested	80,633	-	(1,001)	-	-	-	
- Warrants exercised	-	-	-	-	-	80,633	
Total contributions by and distributions to owners of the Company	81,634	-	(781)	-	(83,778)	(2,925)	
Balance at 31.12.2025	265,615	(534)	3,114	946	39,140	308,281	

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The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	190,057	158,771	95,570	53,266
Adjustments for:-				
Bad debts written off	140	-	-	-
Depreciation of property, plant and equipment	12,765	9,947	382	303
Depreciation of right-of-use assets	3,343	4,789	-	-
Inventories written off	3	19	-	-
Interest expense on lease liabilities	141	177	-	-
Finance costs	7,857	9,225	194	339
Loss on lease modification	6	-	-	-
Loss on disposal of property, plant and equipment	112	3	-	-
Net addition/(reversal) of provision for warranty costs	9,417	(203)	59	32
Property, plant and equipment written off	483	-	-	-
Net (reversal of impairment loss)/ impairment losses on financial assets and contract assets	(7,028)	(2,306)	280	1,399
Share-based payments	220	-	220	(349)
Dividend income	-	-	(95,538)	(56,035)
Fair value loss on derivatives	-	889	-	-
Fair value gain on short-term investments	(59)	-	(59)	-
Interest income	(8,794)	(5,946)	(4,493)	(3,215)
Unrealised loss on foreign exchange	8,398	3,479	5,523	3,580
Operating profit/(loss) before working capital changes	217,061	178,844	2,138	(680)
Decrease in inventories	3,475	4,498	-	-
Increase in contract assets	(39,766)	(13,273)	(3,471)	(4,839)
Decrease in contract liabilities	(25,222)	(27,354)	(14)	(171)
(Increase)/Decrease in trade and other receivables	(128,184)	81,063	(3,117)	(2,444)
Increase/(Decrease) in trade, other payables and provisions	68,072	(25,026)	2,609	1,857
Decrease/(Increase) in amount owing by subsidiaries	-	-	407	(2,281)
Decrease in amount owing to a subsidiary	-	-	(128)	(782)
CASH FROM/(FOR) OPERATIONS	95,436	198,752	(1,576)	(9,340)
Income tax paid	(33,189)	(30,010)	(1,212)	(1,605)
Interest paid	(101)	(146)	(77)	(76)
Interest received	8,794	5,946	2,904	1,427
NET CASH FROM/(FOR) OPERATING ACTIVITIES	70,940	174,542	39	(9,594)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	-	(7,000)
Addition to right-of-use assets	37(a)	(291)	(291)	-	-
Additional investment in an existing subsidiary	35	-	-	-	(10,080)
Dividends received		-	-	95,538	56,035
Interest income received		-	-	1,589	1,788
Purchase of property, plant and equipment	37(a)	(32,765)	(48,508)	(13,261)	(666)
Purchase of short-term investments		(78,065)	-	(58,049)	-
Proceeds from disposal of property, plant and equipment		1,742	40	-	-
Repayment of advances from subsidiaries		-	-	4,178	2,080
Additions of fixed deposits with tenure more than 3 months		(5,077)	(23,749)	(20,000)	(10,000)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(114,456)	(72,508)	9,995	32,157
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of non-controlling interests	35	-	(10,080)	-	-
Dividends paid		(52,537)	(58,152)	(52,537)	(58,152)
Drawdown of borrowings	37(b)	135,167	152,052	7,068	8,180
Repayment from subsidiaries for share-based payments		-	-	-	1,235
Proceeds from exercise of warrants		80,633	83,774	80,633	83,774
Repayment of borrowings and lease liabilities	37(b)	(117,891)	(153,361)	(7,068)	(18,000)
Interest paid	37(b)	(7,996)	(9,172)	(117)	(259)
Net withdrawal of/(additions to) pledged fixed deposits and bank balances		6,474	(2,228)	5,711	1,696
NET CASH FROM FINANCING ACTIVITIES		43,850	2,833	33,690	18,474
NET INCREASE IN CASH AND CASH EQUIVALENTS		334	104,867	43,724	41,037
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(6,671)	15,245	(3,026)	2,387
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		357,434	237,322	70,328	26,904
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(c)	351,097	357,434	111,026	70,328

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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,
201, Jalan Tun Sambanthan, Brickfields,
50470 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur.

Principal place of business : 3, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that included those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

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 24 April 2026.

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"), IFRS Accounting 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 121: Lack of Exchangeability

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
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:-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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.

(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 amount owing by subsidiaries (trade balances), trade receivables and contract assets 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 amount owing by subsidiaries (non-trade balances) and other receivables 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax assets	2,335	1,790	35	116
Current tax liabilities	16,464	11,710	-	-

(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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

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.

Financial Assets at Amortised Cost

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.

Financial Assets Through Other Comprehensive Income

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

Financial Liabilities Through Profit or Loss

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(d) 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 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries (including the ESS 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.

4.5 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 lands are 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:-

Buildings	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost:		
- in Malaysia	61,477	61,477
- outside Malaysia	21,478	21,478
Employee share scheme (“ESS”) vested to employees of subsidiaries	2,883	2,883
	85,838	85,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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		Principal Activities
		2025	2024	
		%	%	
<i>Subsidiaries of the Company</i>				
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.
Ace Gases Sdn. Bhd. ("AGSB")	Malaysia	100	100	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.
Puritec Technologies (M) Sdn. Bhd. ("PTM")	Malaysia	100	100	Provision of engineering services and general trading.
<i>Subsidiary of KTSB</i>				
Kelington Technologies (Sarawak) Sdn. Bhd. ("KTSSB")	Malaysia	100	100	Providing turnkey engineering services from initial system design up to maintenance and servicing after completion.
Kelington SmartFab Sdn. Bhd. ("KSSB") #	Malaysia	100	-	Smart precision fabrication and provision of engineering services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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		Principal Activities
		2025	2024	
		%	%	
<i>Subsidiaries of KESH</i>				
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.
<i>Subsidiaries of KESG</i>				
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	100	Providing construction, process, install testing and commissioning body corporate.
Kelington Engineering (Japan) K.K. ("KE Japan") ^#	Japan	100	-	Providing piping work, electrical works, machinery and equipment installation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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		Principal Activities
		2025	2024	
		%	%	
<i>Subsidiaries of AGSB</i>				
Ace Gases Marketing Sdn. Bhd. ("AGMSB")	Malaysia	100	100	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	100	Wholesaling of chemicals and chemical products, manufacturing of industrial gases and dry ice.
Cryotech Logistics Sdn. Bhd. ("CLSB")	Malaysia	100	100	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	100	Construction and manufacturing of gas delivery system and facilities, repair of gas manufacturing activities, production, distribution, supply, import and trading of gases.
PT. PMA. Ace Gases Indonesia ("PTAG") *	Indonesia	100	-	Manufacture and trading of industrial gases and Chemicals and provision of related engineering, construction and installation services.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

- (a) On 5 June 2025, KESG, a wholly-owned subsidiary of the Company, incorporated a subsidiary known as KE Japan with an issued and paid-up share capital of JPY40,000,000 (equivalent to RM1,130,000) comprising 40,000 ordinary shares.
- (b) On 26 August 2025, AGSB, a subsidiary of the Company, incorporated a subsidiary known as PTAG with an issued and paid-up share capital of IDR10,000,000,000 (equivalent to RM2,658,000) comprising 10,000 ordinary shares.
- (c) On 26 November 2025, KTSB, a subsidiary of the Company, incorporated a subsidiary known as KSSB with an issued and paid-up share capital of RM100 comprising of 100 ordinary shares.
- (d) The non-controlling interests at the end of the reporting period comprised the following:-

	Effective Equity Interest		The Group	
	2025	2024	2025	2024
	%	%	RM'000	RM'000
KESG Group:				
- KSP	10	10	111	51

- (e) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2025 RM'000	Additions RM'000	Transfer From/(To) RM'000	Disposals RM'000	Written off RM'000	Exchange Fluctuation Differences RM'000	Depreciation Charges RM'000	At 31.12.2025 RM'000
2025								
<i>Carrying amount</i>								
Freehold lands	4,030	5,785	-	-	-	-	-	9,815
Buildings	1,459	6,300	-	-	-	-	(85)	7,674
Motor vehicles	7,735	1,339	1,431	(346)	-	(75)	(1,167)	8,917
Office and computer equipment	2,490	1,601	-	(9)	-	(48)	(1,054)	2,980
Tools and equipment	15,693	1,879	168	-	-	(120)	(2,379)	15,241
Furniture, fittings and renovation	4,304	25	-	-	-	(109)	(741)	3,479
Plant and machinery	107,212	-	73,579	-	(308)	(102)	(7,339)	173,042
Capital work-in-progress	66,136	17,007	(75,178)	(1,499)	(175)	(6)	-	6,285
	209,059	33,936	-	(1,854)	(483)	(460)	(12,765)	227,433

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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							
<i>Carrying amount</i>							
Freehold lands	4,030	-	-	-	-	-	4,030
Buildings	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2025			
Freehold lands	9,815	-	9,815
Buildings	8,450	(776)	7,674
Motor vehicles	13,233	(4,316)	8,917
Office and computer equipment	8,107	(5,127)	2,980
Tools and equipment	31,435	(16,194)	15,241
Furniture, fittings and renovation	7,933	(4,454)	3,479
Plant and machinery	196,384	(23,342)	173,042
Capital work-in-progress	6,285	-	6,285
	281,642	(54,209)	227,433
2024			
Freehold lands	4,030	-	4,030
Buildings	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

The Company	At 1.1.2025 RM'000	Additions RM'000	Exchange Fluctuation Difference RM'000	Depreciation Charges RM'000	At 31.12.2025 RM'000
2025					
<i>Carrying Amount</i>					
Freehold lands	1,300	5,785	-	-	7,085
Buildings	784	6,300	-	(70)	7,014
Motor vehicles	-	640	-	(5)	635
Office and computer equipment	457	536	*	(223)	770
Tools and equipment	1	-	-	(1)	-
Furniture, fittings and renovation	581	-	-	(83)	498
	3,123	13,261	-	(382)	16,002

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					
<i>Carrying Amount</i>					
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

* - Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2025			
Freehold lands	7,085	-	7,085
Buildings	7,700	(686)	7,014
Motor vehicles	751	(116)	635
Office and computer equipment	1,839	(1,069)	770
Tools and equipment	637	(637)	-
Furniture, fittings and renovation	1,300	(802)	498
	19,312	(3,310)	16,002
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

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 23 and 27 to the financial statements:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Freehold land	4,030	4,030	1,300	1,300
Building	1,416	1,459	756	784
Plant and machinery	133,361	68,167	-	-
Capital work-in-progress	-	65,224	-	-
	138,807	138,880	2,056	2,084

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 22 to the financial statements.

	The Group	
	2025 RM'000	2024 RM'000
Motor vehicles	4,984	4,850
Plant and machinery	2,448	2,277
	7,432	7,127

In the previous financial year, included in capital work-in-progress of the Group was term loans interest amounting to approximately RM388,000.

7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2025 RM'000	Additions RM'000	Modification Of Lease Liabilities RM'000	Depreciation Charges RM'000	Exchange Fluctuation Differences RM'000	At 31.12.2025 RM'000
2025						
<i>Carrying Amount</i>						
Hostels	93	-	-	(92)	(1)	-
Leasehold lands	847	-	-	(26)	-	821
Office equipment	-	161	-	(4)	-	157
Office premises	3,028	5,452	(236)	(2,139)	(67)	6,038
Tanks	541	-	-	(541)	-	-
Warehouses	559	1,122	-	(541)	(4)	1,136
	5,068	6,735	(236)	(3,343)	(72)	8,152

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. RIGHT-OF-USE ASSETS (CONT'D)

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					
<i>Carrying Amount</i>					
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
Warehouses	184	895	(529)	9	559
	<u>6,756</u>	<u>3,212</u>	<u>(4,789)</u>	<u>(111)</u>	<u>5,068</u>

The Group leases various hostels, leasehold lands, office equipment, office premises, tanks and warehouse of which the leasing activities are summarised below:-

- (i) Hostels In the previous financial year, the Group has leased a number of hostels for 2 years, with an option to renew the lease after that date.
- (ii) Leasehold lands The Group has entered into 2 (2024 - 2) non-cancellable operating lease agreement for the use of land. The lease is for a period between 30 to 60 (2024 - 30 to 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) Office equipment The Group has leased a number of computers for 3 (2024 - Nil) 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 (2024 - 1 and 5) 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 (2024 - 2) years, with an option to renew the lease after that date.
- (vi) Warehouses The Group has leased a number of warehouses for between 2 and 4 (2024 - 2) years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2025 RM'000	2024 RM'000
Amount owing by:-		
Trade balances	4,540	4,881
Non-trade balances:		
- interest-free	2,024	2,090
- interest-bearing ranging from 5.00% to 5.40% (2024 - 4.74% to 5.09%)	29,782	33,960
	36,346	40,931

	The Company	
	2025 RM'000	2024 RM'000
Analysed by:-		
Non-current assets	26,876	29,790
Current assets	9,470	11,141
	36,346	40,931
Amount owing to:-		
Non-trade balances:		
- interest-free	(1,237)	(1,365)

- (a) The trade balances are subject to the normal trade credit term of 30 (2024 - 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 amounts owing are to be settled in cash.
- (c) The interest-bearing balances are non-trade in nature, unsecured and repayable in 12 yearly instalments (2024 - repayable in 12 yearly instalments). The amount owing is to be settled in cash.

9. GOODWILL

	The Group	
	2025 RM'000	2024 RM'000
At 1 January	6,826	7,211
Foreign exchange adjustments	(263)	(385)
At 31 December	6,563	6,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9. GOODWILL (CONT'D)

(a) The carrying amounts of goodwill allocated to each cash-generating units ("CGU") are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
PTS:		
- provision of engineering services in clean energy system	6,364	6,627
Other cash-generating units without significant goodwill	199	199
At 31 December	6,563	6,826

(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	Growth Rates		Discount Rate		
	2025	2024	2025	2024	
17%	17%	1% - 4%	4% - 5%	9.90%	10.12%

- (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 2025

10. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	At 1.1.2025 RM'000	Recognised In Profit or Loss (Note 33) RM'000	Exchange Fluctuation Differences RM'000	At 31.12.2025 RM'000
2025				
<i>Deferred tax liabilities</i>				
Plant and machinery	(15,735)	(6,367)	11	(22,091)
Right-of-use assets	(411)	230	12	(169)
Other taxable temporary differences	(4)	4	-	-
	(16,150)	(6,133)	23	(22,260)
<i>Deferred tax assets</i>				
Lease liabilities	396	(213)	(12)	171
Unused tax losses	97	-	-	97
Unabsorbed capital allowances	4,278	827	-	5,105
Unutilised reinvestment allowances	-	2,991	-	2,991
Other deductible temporary differences	2,757	(135)	(100)	2,522
	7,528	3,470	(112)	10,886
	(8,622)	(2,663)	(89)	(11,374)

The Group	At 1.1.2024 RM'000	Recognised In Profit or Loss (Note 33) RM'000	Exchange Fluctuation Differences RM'000	At 31.12.2024 RM'000
2024				
<i>Deferred tax liabilities</i>				
Plant and machinery	(10,399)	(5,358)	22	(15,735)
Right-of-use assets	(590)	170	9	(411)
Other taxable temporary differences	(117)	113	-	(4)
	(11,106)	(5,075)	31	(16,150)
<i>Deferred tax assets</i>				
Lease liabilities	599	(194)	(9)	396
Unused tax losses	97	-	-	97
Unabsorbed capital allowances	4,314	(36)	-	4,278
Other deductible temporary differences	1,506	1,352	(101)	2,757
	6,516	1,122	(110)	7,528
	(4,590)	(3,953)	(79)	(8,622)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000
Deferred tax assets, net	1,570	2,280
Deferred tax liabilities, net	(12,944)	(10,902)
	(11,374)	(8,622)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unused tax losses:				
- expiring within 5 years	14,350	15,524	14,350	15,363
Unabsorbed capital allowances	30	364	-	303
Other deductible temporary differences	16,706	8,137	12,383	12,652
	31,086	24,025	26,733	28,318

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 and the Company.

Based on Malaysia's current legislation, the unabsorbed reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11. INVENTORIES

	The Group	
	2025 RM'000	2024 RM'000
Materials for contracts	15,126	19,320
Industrial gases	270	467
	15,396	19,787
Recognised in profit or loss:-		
Inventories recognised as cost of sales	2,577	44,140
Inventories written off	3	19

12. TRADE RECEIVABLES

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade receivables	444,748	316,546	10,301	7,322
Allowance for impairment losses (Note 42.1(b)(iii))	(10,129)	(17,158)	(1,043)	(2,645)
	434,619	299,388	9,258	4,677

(a) The Group's and the Company's normal trade credit terms range from 7 to 120 and 30 to 90 (2024 - 7 to 120 and 30 to 90) days, respectively. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in trade receivables of the Group are project retention sums which are expected to be received from customers in accordance with the terms of respective contracts as below:-

	The Group	
	2025 RM'000	2024 RM'000
Within 1 year	66,714	50,526
More than 1 year	4,415	30,264
	71,129	80,790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other receivables:-				
Third parties	5,053	8,831	93	53
Advances paid to suppliers	11,061	20,414	-	-
Goods and Services Tax ("GST") recoverable	354	6,730	-	-
	16,468	35,975	93	53
Deposits	8,196	4,805	241	748
Prepayments	1,764	1,184	45	26
	26,428	41,964	379	827

The advances paid to suppliers of the Group are unsecured and interest-free. The amounts owing will be offset against future purchases from the suppliers.

14. CONTRACT ASSETS/(LIABILITIES)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Contract Assets				
Contract assets relating to construction contracts	189,109	158,373	8,170	5,156
Allowance for impairment losses (Note 42.1(b)(iii))	(4,016)	(7,464)	(1,753)	(18)
	185,093	150,909	6,417	5,138
Contract Liabilities				
Contract liabilities relating to construction contracts	(193,444)	(222,360)	(159)	(181)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

- (a) The contract assets primarily relate to the Group's and the Company'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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	(71,451)	(90,332)	4,957	816
Revenue recognised in profit or loss during the financial year (Note 30)*	1,103,173	1,082,392	29,824	20,470
Billings to customers during the financial year	(1,019,315)	(1,043,986)	(24,885)	(17,681)
Changes due to contract modification	-	2,220	-	2,220
Net reversal of impairment losses/ (Impairment losses) on contract assets (Note 31)	3,075	3,927	(1,836)	-
Foreign exchange adjustments	(23,833)	(25,672)	(1,802)	(868)
	(8,351)	(71,451)	6,258	4,957
Represented by:-				
Contract assets	185,093	150,909	6,417	5,138
Contract liabilities	(193,444)	(222,360)	(159)	(181)
	(8,351)	(71,451)	6,258	4,957

* - Included amount of approximately RM219,716,000 and RM171,000 (2024 - RM229,053,000 and RM307,000) of the Group and of the Company that were included in contract liabilities at the beginning of the financial year respectively.

- (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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Within 1 year	898,182	984,483	17,709	6,072
Between 1 and 2 years	233,421	81,938	4,673	192
	1,131,603	1,066,421	22,382	6,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed income trust funds, at fair value	78,124	-	58,108	-

16. FIXED DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2025	2024	2025	2024
Effective interest rates (%)	1.05 - 4.40	2.00 - 4.98	1.05 - 3.54	2.10 - 4.98
Maturity periods (days)	7 to 365	7 to 365	15 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 RM17,156,000 and RM8,504,000 (2024 - RM24,424,000 and RM14,215,000) respectively which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 23 and 27 to the financial statements.

17. 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 RM7,117,000 (2024 - RM6,323,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 23 and 27 to the financial statements.
- (b) Included in the cash and bank balances of the subsidiaries in the PRC which amounted to approximately RM30,286,000 (2024 - RM15,885,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. SHARE CAPITAL

	The Group/The Company			
	2025 Number of Shares	2024	2025 RM'000	2024 RM'000
Issued And Fully Paid-Up				
Ordinary shares				
At 1 January	718,286,282	647,036,485	183,981	73,792
Issuance of new shares for cash	-	7,590,958	-	25,613
New shares issued:				
- ESS (Note 20(c))	3,684,900	2,953,150	1,001	802
- Warrants (Note 20(d))	58,429,452	60,705,689	80,633	83,774
At 31 December	780,400,634	718,286,282	265,615	183,981

- (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 RM183,981,450 to RM265,614,544, by:-
- (i) the issuance of 3,684,900 new ordinary shares from the vesting of the Company's ESS amounted to RM1,000,450 which is the fair value of the ESS measured at grant date; and
- (ii) the issuance of 58,429,452 new ordinary shares from the exercise of Warrants 2021/2026 at the exercise price of RM1.38 per warrant which amounted to RM80,632,644.
- (c) In the previous 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 vesting of the Company's ESS amounted to RM801,780 which was the fair value of the ESS 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.
- (d) The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19. 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 25 June 2025, 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 780,400,634 (2024 - 718,286,282) issued and paid-up share capital at the end of the reporting period, 2,239,800 (2024 - 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.

20. RESERVES

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-distributable reserves:-					
Capital reserve	(a)	41,337	40,314	-	-
Exchange fluctuation reserve	(b)	(1,975)	5,854	946	(315)
Employees' share scheme reserve	(c)	3,114	3,895	3,114	3,895
		42,476	50,063	4,060	3,580
Distributable reserve:-					
Retained profits		305,914	239,788	39,140	28,641
		348,390	289,851	43,200	32,221

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. RESERVES (CONT'D)

(a) Capital Reserve

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Capital reserve is represented by:-				
Non-distributable reserve funds by subsidiaries	(i) 7,151	6,574	-	-
Safety production reserve by a subsidiary	(ii) 1,504	1,058	-	-
Bonus shares issued by subsidiaries	32,682	32,682	-	-
	41,337	40,314	-	-

- (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.

(c) ESS Reserve

The ESS reserve represents the equity-settled share options granted to employees and directors. The reserve is made up of the cumulative value of services received from employees and directors recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or vesting of the ESS.

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. On 19 November 2025, the scheme has been extended for another 5 years, expiring on 5 July 2032.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. RESERVES (CONT'D)

(c) ESS Reserve (Cont'd)

The main features of ESS are as follows:-

- 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;
- 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;

- 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;
- The ESS shall be administered by the ESS Committee appointed by the board of directors to administer the ESS; and
- All the new ordinary shares issued arising from the ESS shall rank equally in all respects with the existing ordinary shares of the Company.

All shares granted under the ESS are to be settled by physical delivery of ordinary shares of the Company when vested. The ESS's details are as follows:-

- On 7 July 2022, the Company offered 25,720,000 share options under the ESS. The ESS will vest upon fulfillment of the vesting conditions. On 1 December 2025, 170,000 shares were reallocated to current independent non-executive directors ("INEDs") who appointed after 7 July 2022, being utilisation of unvested ESS Shares from former INEDs.
- On 19 November 2025, the Company offered 5,200,000 shares under the ESS. The ESS will vest upon fulfillment of the vesting conditions. During the financial year, 42,479 shares under the ESS had met the certain performance conditions.

The fair values of the ESS granted were estimated using a binomial option pricing model, taking into account the terms and conditions upon which the ESS were granted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. RESERVES (CONT'D)

(c) ESS Reserve (Cont'd)

The fair value of the ESS measured at grant date and the assumptions used were as follows:-

	The Group/The Company	
Grant date	7 July 2022	19 November 2025
Share price on grant date (RM)	1.12	5.16
Exercise price (RM)	Not applicable*	Not applicable*
Expected volatility (%)	46.41	37.18
Expected tenure (years)	5	5.61
Risk-free rate (%)	3.84	3.34
Expected dividend yield (%)	1.79	1.94

* - Not applicable as the shares will be awarded upon vesting to the eligible employees without any cash consideration, upon achieving the applicable performance measurements.

During the financial year, the expenses recognised for employee services received were as follows:-

	The Group		The Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Recognition/(Reversal) of expenses arising from equity-settled shared-based payment transaction	220	-	220	(349)

During the financial year, the details in the movement of the ESS outstanding shares covered by the ESS Reserve were as follows:-

2025 ESS Offer date	The Group/The Company			
	At 1.1.2025	Recognised	Vested	At 31.12.2025
7 July 2022	20,990,650	-	(3,684,900)	17,305,750
19 November 2025	-	42,479	-	42,479

2024 ESS Offer date	The Group/The Company			
	At 1.1.2024	Recognised	Vested	At 31.12.2024
7 July 2022	23,943,800	-	(2,953,150)	20,990,650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20. RESERVES (CONT'D)

(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:-

2025	Exercise Price	Entitlement for Ordinary Shares		
		At 1.1.2025	Exercised	At 31.12.2025
Warrant 2021/2026	RM1.38	153,614,799	(58,429,452)	95,185,347

2024	Exercise Price	Entitlement for Ordinary Shares		
		At 1.1.2024	Exercised	At 31.12.2024
Warrant 2021/2026	RM1.38	214,320,488	(60,705,689)	153,614,799

Salient features of the Warrants 2021/2026 are as follows:-

- 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;
- 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;
- 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21. LEASE LIABILITIES

	The Group	
	2025 RM'000	2024 RM'000
At 1 January	4,212	6,678
Additions during the financial year (Note 37(a))	6,735	2,484
Changes due to lease modification	(230)	-
Interest expense recognised in profit or loss (Note 32)	141	177
Repayment of principal	(3,151)	(4,741)
Repayment of interest expenses	(141)	(177)
Effect of foreign exchange translation	(165)	(209)
At 31 December	7,401	4,212
Analysed by:-		
Current liabilities	3,030	2,491
Non-current liabilities	4,371	1,721
	7,401	4,212

22. HIRE PURCHASE PAYABLES

	The Group	
	2025 RM'000	2024 RM'000
Current liabilities (Note 27)	2,039	1,809
Non-current liabilities	3,636	4,129
	5,675	5,938

- The hire purchase payables of the Group are secured by the Group's motor vehicles and plant and machinery under finance leases as disclosed in Note 6 to the financial statements.
- The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 3.60% to 6.98% (2024 - 3.60% to 6.98%). The interest rates are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

23. TERM LOANS

	The Group	
	2025 RM'000	2024 RM'000
Current liabilities (Note 27)	30,893	11,053
Non-current liabilities	67,613	74,531
	98,506	85,584

(a) The term loans are secured by:-

- a first party charge over the freehold land, building, plant and machinery and capital work-in-progress of the Group as disclosed in Note 6 to the financial statements;
- fixed deposits and bank balances with licensed banks of the Group and of the Company as disclosed in Notes 16 and 17 to the financial statements;
- an assignment of contractual proceeds;
- a corporate guarantee of the Company;
- letter of undertaking of the Company and of a subsidiary; and
- specific debentures on assets which are movable tanks as disclosed in Note 6 to the financial statements.

(b) The interest rate profile of the term loans are summarised below:-

	Effective Interest Rate		The Group	
	2025 %	2024 %	2025 RM'000	2024 RM'000
Floating rate term loans	4.64 - 5.79	4.64 - 5.79	81,141	85,584
Fixed rate term loans	3.12 - 3.16	-	17,365	-
			98,506	85,584

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables:-				
Third parties	1,895	1,410	45	196
Advances received from customers	3,384	405	-	-
Unpaid balance for acquisition of property, plant and equipment (i)	1,340	2,209	-	-
Unpaid balance for addition of right-of-use assets (i)	146	437	-	-
GST payables	8,894	7,532	-	-
	15,659	11,993	45	196
Accruals	50,096	44,839	10,824	10,039
	65,755	56,832	10,869	10,235
Analysed by:-				
Current liabilities	65,129	56,832	10,869	10,235
Non-current liabilities	626	-	-	-
	65,755	56,832	10,869	10,235

(i) The details movement on unpaid balance for acquisition of property, plant and equipment and addition of right-of-use assets are as follows:-

	Addition of right-of-use assets		Acquisition of property, plant and equipment	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
The Group				
At January	437	-	2,209	1,896
Additions during the year (Note 37(a))	-	728	461	1,653
Payments in respect of previous financial year's purchases (Note 37(a))	(291)	(291)	(1,314)	(1,324)
Exchange fluctuation differences	-	-	(16)	(16)
At 31 December	146	437	1,340	2,209

25. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 7 to 90 (2024 - 7 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

26. PROVISIONS

		The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Provision for foreseeable losses	(i)	-	-	-	-
Provision for warranty costs	(ii)	10,000	607	51	14
Provision for restoration costs	(iii)	161	168	-	-
		10,161	775	51	14
Provision for foreseeable losses:-	(i)				
At 1 January		-	329	-	329
Utilised during the financial year		-	(312)	-	(312)
Effect of foreign exchange translation		-	(17)	-	(17)
At 31 December		-	-	-	-
Provision for warranty costs:-	(ii)				
At 1 January		607	848	14	15
Addition during the financial year		10,870	531	73	32
Utilised during the financial year		(19)	(32)	(19)	(32)
Reversal during the financial year		(1,453)	(734)	(14)	-
Effect of foreign exchange translation		(5)	(6)	(3)	(1)
At 31 December		10,000	607	51	14
Provision for restoration costs:-	(iii)				
At 1 January		168	178	-	-
Effect of foreign exchange translation		(7)	(10)	-	-
At 31 December		161	168	-	-
		10,161	775	51	14

- (a) In the previous financial year, provision for foreseeable losses was 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 1 year (2024 - 2 years). The discount rate used to determine the obligation as at the reporting date was 3.05% (2024 - 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Term loans (Note 23)	30,893	11,053	-	-
Hire purchase payables (Note 22)	2,039	1,809	-	-
Invoice financing	52,682	54,514	-	-
Trust receipts	6,525	5,549	-	-
Revolving credits	36,826	29,472	2,068	2,180
	128,965	102,397	2,068	2,180

- (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:-

	Interest Rate	Effective Interest Rate			
		The Group		The Company	
		2025 %	2024 %	2025 %	2024 %
Invoice financing	Floating	2.95	4.55	-	-
Trust receipts	Floating	3.66 - 3.83	4.04 - 4.09	-	-
Revolving credits	Floating	2.75 - 4.83	3.10 - 6.23	4.83	4.83

- (b) The invoice financing, trust receipts and revolving credits are secured by:-
- fixed deposits and bank balances of the Group and of the Company as disclosed in Notes 16 and 17 to the financial statements;
 - corporate guarantee of the Company and of a subsidiary;
 - a letter of undertaking of the Company and of a subsidiary;
 - 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;
 - negative pledge of its subsidiaries; and
 - 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:
- gearing ratio of subsidiaries shall not be more than a range of 2.5 to 3.5 times;
 - debt ratio of a subsidiary shall not be more than 0.7 times;
 - contingent liabilities of a subsidiary below 30% of its total liabilities; and
 - negative operating cash flows of a subsidiary for not more than 2 years continuously.

The Group and the Company has complied with the covenants throughout the reporting periods.

There are no indicators that the Group and the Company would have difficulties complying with the upcoming covenant assessments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

28. BANK OVERDRAFTS

In the previous financial year:-

(a) The bank overdrafts of the Group were secured by:-

- i. a letter of undertaking; and
- ii. a corporate guarantee of the Company.

(b) The major covenants of the bank overdraft were 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 had complied with the covenants throughout the reporting period.

There were no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

The bank overdrafts of the Group at the end of the previous reporting period bore a floating interest rate of 7.60% per annum.

29. DIVIDEND PAYABLE

	The Group/The Company	
	2025 RM'000	2024 RM'000
Third interim dividend of 2.50 sen per ordinary share	19,526	-
Special interim dividend of 1.50 sen per ordinary share	11,715	-
	31,241	-

On 24 November 2025, the Company declared a third interim dividend of 2.50 sen per ordinary share and a special dividend of 1.50 sen per ordinary share total amounting RM31,241,320 to in respect of current financial year, payable on 21 January 2026, to shareholders whose names appeared in the record of depositors on 12 January 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30. REVENUE

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers				
<u>Recognised over time</u>				
Contract revenue (Note 14)	1,103,173	1,082,392	29,824	20,470
Sales of services:				
- Facility fee	13,883	18,037	-	-
- Leasing of tanks	13	367	-	-
- Maintenance services	21,148	16,026	-	-
	1,138,217	1,116,822	29,824	20,470
<u>Recognised at a point in time</u>				
Sale of goods	133,485	153,265	19	2,547
Revenue from other sources				
Dividend income	-	-	95,538	56,035
Management fees	-	-	9,199	7,978
Maintenance fees	3,234	2,082	-	-
	3,234	2,082	104,737	64,013
	1,274,936	1,272,169	134,580	87,030

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30. 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 4 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.
Maintenance services	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.
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.

- (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.

Maintenance Fees

Maintenance fees are recognised on a straight-line basis over the contract term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

31. NET (REVERSAL OF IMPAIRMENT LOSSES)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Impairment losses:				
- Trade receivables (Note 12)	3,968	3,568	-	1,399
- Contract assets (Note 14)	3,575	-	1,836	-
Reversal of impairment losses:				
- Trade receivables (Note 12)	(7,921)	(1,947)	(1,556)	-
- Contract assets (Note 14)	(6,650)	(3,927)	-	-
	(7,028)	(2,306)	280	1,399

32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees:				
- Crowe Malaysia PLT:				
- statutory audit for the financial year	433	392	198	167
- (over)/underprovision in the previous financial year	(13)	83	(11)	22
- other auditors:				
- statutory audit for the financial year	417	385	59	57
- underprovision in the previous financial year	-	3	-	-
- non-audit fees:				
- Crowe Malaysia PLT	8	6	8	6
Directors' remuneration (Note 38(a))	9,528	10,240	4,674	5,305

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Material Expenses/(Income)				
Bad debts written off	140	-	-	-
Depreciation of property, plant and equipment	12,765	9,947	382	303
Depreciation of right-of-use assets	3,343	4,789	-	-
Freight charges	7,905	11,829	-	-
Hired transport cost	12,853	11,744	-	-
Electricity charges	10,203	10,219	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	101	133	77	75
- invoice financing	1,730	2,574	-	-
- hire purchase payables	413	428	-	-
- revolving credits	1,255	1,366	117	263
- term loans	4,075	4,262	-	-
- trust receipts	283	450	-	-
Interest expense on lease liabilities	141	177	-	-
Inventories written off	3	19	-	-
Lease expenses:				
- short-term leases	9,973	10,721	315	304
- low-value assets	7,835	3,637	-	69
Loss on disposal of property, plant and equipment	112	3	-	-
Loss on lease modification	6	-	-	-
(Gain)/Loss on foreign exchange:				
- realised	(857)	(762)	(1,137)	35
- unrealised	8,398	3,479	5,523	3,580
Provision for warranty costs	10,870	531	73	32
Property, plant and equipment written off	483	-	-	-
Reversal of provision for warranty costs	(1,453)	(734)	(14)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Material Expenses/(Income) (Cont'd)				
Staff costs:				
- salaries, wages, bonuses, allowances and others	94,562	115,500	4,328	3,946
- defined contribution plan	7,784	10,365	171	151
- share-based payments	220	-	220	(349)
Fair value (gain)/loss on financial liabilities measured at fair value through profit or loss mandatorily:				
- derivatives	-	889	-	-
- short-term investments	(59)	-	(59)	-
Interest income on financial assets measured at amortised cost:				
- financial institutions	(8,729)	(5,946)	(2,855)	(1,427)
- subsidiaries	-	-	(1,589)	(1,788)
- short-term investments	(65)	-	(49)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33. INCOME TAX EXPENSE

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax:				
- Malaysian tax	22,332	16,131	1,265	984
- Foreign tax	15,008	12,542	-	-
	37,340	28,673	1,265	984
(Over)/Underprovision in the previous financial year:				
- Malaysian tax	(157)	(220)	28	329
- Foreign tax	(784)	(391)	-	-
	(941)	(611)	28	329
	36,399	28,062	1,293	1,313
Deferred tax (Note 10):				
- Origination and reversal of temporary differences	6,063	3,765	-	-
- (Over)/Underprovision in the previous financial year	(3,400)	188	-	-
	2,663	3,953	-	-
Total income tax expense	39,062	32,015	1,293	1,313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33. 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	190,057	158,771	95,570	53,266
Tax at Malaysian statutory tax rate of 24% (2024 - 24%)	45,614	38,105	22,937	12,784
Tax effects of:-				
Differential in tax rates	(8,555)	(6,007)	(68)	(94)
Non-deductible expenses	11,774	4,120	1,751	1,798
Tax-exempt income	(1,984)	(2,113)	-	-
Non-taxable income	(5,836)	(1,638)	(22,929)	(13,448)
(Over)/Underprovision in the previous financial year:				
- current tax	(941)	(611)	28	329
- deferred tax	(3,400)	188	-	-
Deferred tax assets not recognised during the current financial year	2,188	417	-	417
Utilisation of deferred tax assets not recognised in the previous financial year	(493)	(1,106)	(381)	(451)
Others	695	660	(45)	(22)
Income tax expense for the financial year	39,062	32,015	1,293	1,313

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024 - 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34. EARNINGS PER SHARE

	The Group	
	2025	2024
Profit attributable to owners of the Company (RM'000)	150,927	124,349
Number of shares in issue as of 1 January	718,286,282	647,036,485
Effects through:		
- ESS vested	1,842,450	1,429,958
- warrants exercised	27,145,101	27,783,877
- 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	745,034,033	674,860,873
Effect of dilution - ESS	22,505,750	21,281,900
Effect of dilution - Warrants	64,789,471	83,122,135
Weighted average number of ordinary shares for diluted earnings per share computation	832,329,254	779,264,908
Basic earnings per ordinary share attributable to owners of the Company (sen)	20.26	18.43
Diluted earnings per ordinary share attributable to owners of the Company (sen)	18.13	15.96

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

35. ACQUISITION OF NON-CONTROLLING INTERESTS

In the previous financial year, 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.

	The Group 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	-

36. DIVIDENDS

	The Group/The Company	
	2025 RM'000	2024 RM'000
Ordinary Shares		
Fourth (2024 - Second) interim dividend of 2.00 (2024 - 2.50) sen per ordinary share in respect of the previous financial year	14,452	16,606
First interim dividend of 2.50 (2024 - 2.00) sen per ordinary share in respect of the current financial year	18,789	13,482
Second interim dividend of 2.50 (2024 - 2.00) sen per ordinary share in respect of the current financial year	19,296	13,767
Third interim dividend of 2.50 (2024 - 2.00) sen per ordinary share in respect of the current financial year	19,526	14,297
Special dividend of 1.50 (2024 - Nil) sen per ordinary share in respect of the current financial year	11,715	-
	83,778	58,152

Subsequent to the end of the financial year, the Company declared a fourth interim dividend of 2.50 sen per ordinary share and a special dividend of 1.50 sen per ordinary share total amounting RM33,986,324 to in respect of current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 6)	33,936	50,921	13,261	666
Less: Acquired through hire purchase arrangements (Note (b) below)	(2,039)	(2,100)	-	-
Less: Other payables - balances remained unpaid at financial year end (Note 24 (i))	(461)	(1,653)	-	-
Add: Payments in respect of previous financial year's purchases (Note 24 (i))	1,314	1,324	-	-
Exchange fluctuation differences	15	16	-	-
	32,765	48,508	13,261	666
Right-of-use assets				
Cost of right-of-use assets acquired (Note 7)	6,735	3,212	-	-
Less: new lease liabilities (Note (b) below)	(6,735)	(2,484)	-	-
Less: Other payables - balances remained unpaid at financial year end (Note 24 (i))	-	(728)	-	-
Add: Payments in respect of previous financial year's purchases (Note 24 (i))	291	291	-	-
	291	291	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025							
At 1 January	4,212	5,938	54,514	29,472	85,584	5,549	185,269
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	-	-	60,671	31,758	24,539	18,199	135,167
Repayment of principal	(3,151)	(2,261)	(59,571)	(24,068)	(11,617)	(17,223)	(117,891)
Repayment of interests	(141)	(413)	(1,829)	(1,255)	(4,075)	(283)	(7,996)
	(3,292)	(2,674)	(729)	6,435	8,847	693	9,280
<u>Other Changes</u>							
Additions (Note (a) above)	6,735	2,039	-	-	-	-	8,774
Changes in lease modification	(230)	-	-	-	-	-	(230)
Interest expense recognised in profit or loss	141	413	1,730	1,255	4,075	283	7,897
Foreign exchange adjustments	(165)	(41)	(2,833)	(336)	-	-	(3,375)
	6,481	2,411	(1,103)	919	4,075	283	13,066
At 31 December	7,401	5,675	52,682	36,826	98,506	6,525	207,615

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Hire		Invoice Financing	Revolving Credits	Term Loans	Trust Receipts	Total
	Lease Liabilities	Purchase Payables					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
At 1 January	6,678	5,935	43,519	26,250	73,917	29,667	185,966
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	-	-	77,118	32,472	30,036	12,426	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)
<u>Other Changes</u>	(4,918)	(2,454)	10,628	1,864	7,596	(23,197)	(10,481)
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Revolving Credits
	RM'000
2025	
At 1 January	2,180
<u>Changes in Financing Cash Flows</u>	
Proceeds from drawdown	7,068
Repayment of principal	(7,068)
Repayment of interests	(117)
<u>Other Changes</u>	
Interest expense recognised in profit or loss	117
Foreign exchange adjustments	(112)
	5
At 31 December	2,068
2024	
At 1 January	12,000
<u>Changes in Financing Cash Flows</u>	
Proceeds from drawdown	8,180
Repayment of principal	(18,000)
Repayment of interests	(259)
	(10,079)
<u>Other Changes</u>	
Interest expense recognised in profit or loss	263
Accrued interest	(4)
	259
At 31 December	2,180

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed deposits with licensed banks	200,046	210,136	133,251	58,540
Cash and bank balances	205,324	202,978	16,279	36,003
Bank overdrafts	-	(10)	-	-
	405,370	413,104	149,530	94,543
Less: Fixed deposits pledged to licensed banks (Note 16)	(17,156)	(24,424)	(8,504)	(14,215)
Less: Bank balance pledged to a licensed bank (Note 17)	(7,117)	(6,323)	-	-
Less: Fixed deposits with tenure of more than 3 months	(30,000)	(24,923)	(30,000)	(10,000)
	351,097	357,434	111,026	70,328

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Payment of short-term leases	9,973	10,721	315	304
Payment of low-value assets	7,835	3,637	-	69
Interest paid on lease liabilities	141	177	-	-
Payment of lease liabilities	3,151	4,741	-	-
	21,100	19,276	315	373

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Directors of the Company:-				
Short-term employee benefits:				
- fee	307	303	307	303
- salaries, bonuses and other benefits	8,421	8,265	3,843	3,519
Defined contribution benefits	495	408	219	219
Retirement gratuity fee	305	1,264	305	1,264
	9,528	10,240	4,674	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 RM84,000 and RM56,000 (2024 - RM323,529 and RM56,000) respectively.

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(b) Other key management personnel:-				
Short-term employee benefits:				
- salaries, bonuses and other benefits	5,479	7,676	802	1,089
Defined contribution benefits	389	349	68	65
	5,868	8,025	870	1,154

39. RELATED PARTY DISCLOSURES

(a) Subsidiaries

Details of the subsidiaries are disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

39. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Company	
	2025 RM'000	2024 RM'000
Dividends from subsidiaries	95,538	56,035
Management fees from subsidiaries	9,199	7,978
Interest charged to subsidiaries	1,589	1,788
Rental charged to subsidiaries	204	204
Advances to subsidiaries	4,178	7,000

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the Note 8 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 3 main reportable segments as follows:-

- Industrial gases segment - involved in the manufacturing and trading of industrial and specialty gases, facility fee and leasing of tanks, and undertaking project related activities associated with industrial gases.
- Engineering segment - involved in the provision of engineering services, construction activities, and manufacturing and trading of engineering equipment and materials for contracts; and
- Investment holding segment - involved in group-level corporate services.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

The Group is organised into following geographical segments:

- Malaysia
- Singapore
- PRC
- Others

40.1 BUSINESS SEGMENTS

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2025				
Revenue				
External revenue	124,723	1,150,213	-	1,274,936
Inter-segment revenue	142	3,770	105,094	109,006
Total revenue	124,865	1,153,983	105,094	1,383,942
Represented by:-				
Revenue from contracts with customers				
<u>Revenue recognised at a point of time</u>				
- Sale of goods	104,926	28,701	-	133,627
<u>Revenue recognised over time</u>				
- Contract revenue	6,043	1,100,900	-	1,106,943
- Facility fee	13,883	-	-	13,883
- Leasing of tanks	13	-	-	13
- Maintenance services	-	21,148	-	21,148
Revenue from other sources				
- Dividend income	-	-	95,538	95,538
- Management fees	-	-	9,556	9,556
- Maintenance fees	-	3,234	-	3,234
	124,865	1,153,983	105,094	1,383,942
Adjustments and eliminations				(109,006)
				1,274,936

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2025				
Results				
Segment profit	37,015	158,615	89,471	285,101
Interest income	1,084	4,797	4,480	10,361
Finance costs	(7,150)	(2,350)	(94)	(9,594)
	30,949	161,062	93,857	285,868
Adjustments and eliminations				(95,811)
Consolidated profit before taxation				190,057
Other information:-				
Bad debts written off	140	-	-	140
Interest income	1,084	4,813	2,897	8,794
Finance costs	(5,599)	(2,305)	(94)	(7,998)
Unrealised loss on foreign exchange	(2,366)	(509)	(5,523)	(8,398)
Loss on disposal of property, plant and equipment	(12)	(100)	-	(112)
Net reversal of impairment losses on financial assets and contract assets	64	6,964	-	7,028
Fair value gain on short-term investments	-	-	(59)	(59)
Depreciation of property, plant and equipment	(8,497)	(3,897)	(371)	(12,765)
Depreciation of right-of-use assets	(541)	(2,802)	-	(3,343)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2025				
Assets				
Segment assets	285,798	885,384	376,599	1,547,781
Unallocated assets:				
- Current tax assets				2,335
- Deferred tax assets				1,570
Adjustments and eliminations				(160,603)
				1,391,083
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- Property, plant and equipment	17,058	3,616	13,262	33,936
- Right-of-use assets	-	6,735	-	6,735
Liabilities				
Segment liabilities	179,265	596,303	44,790	820,358
Unallocated liabilities:				
- Current tax liabilities				16,464
- Deferred tax liabilities				12,944
Adjustments and eliminations				(72,265)
				777,501

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2024				
Revenue				
External revenue	155,644	1,116,525	-	1,272,169
Inter-segment revenue	472	8,155	64,336	72,963
	156,116	1,124,680	64,336	1,345,132
Represented by:-				
Revenue from contracts with customers				
<u>Revenue recognised at a point of time</u>				
- Sale of goods	125,701	28,097	-	153,798
<u>Revenue recognised over time</u>				
- Contract revenue	12,011	1,078,475	-	1,090,486
- Facility fee	18,037	-	-	18,037
- Leasing of tanks	367	-	-	367
- Maintenance services	-	16,026	-	16,026
Revenue from other sources				
- Dividend income	-	-	56,035	56,035
- Management fees	-	-	8,301	8,301
- Maintenance fees	-	2,082	-	2,082
	156,116	1,124,680	64,336	1,345,132
Adjustments and eliminations				(72,963)
				1,272,169

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2024				
Results				
Segment profit	44,662	123,570	49,723	217,955
Interest income				5,946
Finance costs				(9,402)
				214,499
Adjustments and eliminations				(55,728)
Consolidated profit before taxation				158,771
Other information:-				
Interest income	546	3,981	1,419	5,946
Finance costs	(5,870)	(3,237)	(295)	(9,402)
Unrealised gain/(loss) on foreign exchange	63	(1,723)	(1,819)	(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	(879)	3,185	-	2,306
Depreciation of property, plant and equipment	(5,851)	(3,810)	(286)	(9,947)
Depreciation of right-of-use assets	(1,942)	(2,847)	-	(4,789)
Fair value gain on derivatives	-	(889)	-	(889)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

40. OPERATING SEGMENTS (CONT'D)

40.1 BUSINESS SEGMENTS (CONT'D)

	Industrial Gases Segment RM'000	Engineering Segment RM'000	Investment Holding Segment RM'000	The Group RM'000
2024				
Assets				
Segment assets	279,519	781,154	254,925	1,315,598
Unallocated assets:				
- Current tax assets				1,790
- Deferred tax assets				2,280
Adjustments and eliminations				(169,483)
				<u>1,150,185</u>
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	179,700	505,607	12,834	698,141
Unallocated liabilities:				
- Current tax liabilities				11,710
- Deferred tax liabilities				10,902
Adjustments and eliminations				(43,917)
				<u>676,836</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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		Non-current Assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	453,432	503,752	217,215	198,400
Singapore	448,457	331,840	15,274	11,185
PRC	284,418	376,924	3,072	4,523
Others	88,629	59,653	24	19
	<u>1,274,936</u>	<u>1,272,169</u>	<u>235,585</u>	<u>214,127</u>

The information on the disaggregation of revenue based on geographical region is summarised below:-

The Group	At A Point In Time		Over Time		The Group	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	48,626	64,023	404,806	439,547	453,432	503,570
Singapore	47,297	50,059	401,159	281,781	448,457	331,840
PRC	1,035	-	283,383	377,106	284,418	377,106
Others	36,527	39,183	52,103	20,470	88,629	59,653
	<u>133,485</u>	<u>153,265</u>	<u>1,141,451</u>	<u>1,118,904</u>	<u>1,274,936</u>	<u>1,272,169</u>

40.3 MAJOR CUSTOMERS

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

	Revenue		Segment
	2025 RM'000	2024 RM'000	
Customer 1	-	176,102	Construction

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

41. CAPITAL COMMITMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Purchase of property, plant and equipment	7,263	25,539	-	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025				
Financial Assets				
Trade receivables	54,761	13,441	9,258	190,777
Other receivables	2,153	-	93	291
Fixed deposits with licensed banks	-	14,007	-	110,290
Cash and bank balances	28,903	12,251	439	30,532
	85,817	39,699	9,790	331,890
Financial Liabilities				
Lease liabilities	(1,136)	-	-	(3,871)
Hire purchase payables	-	-	-	(835)
Term loans	-	-	-	(17,365)
Invoice financing	(52,682)	-	-	-
Revolving credits	(7,203)	-	(2,068)	-
Trade payables	(91,962)	(2,439)	(8,007)	(45,177)
Other payables and accruals	(9,500)	(342)	(495)	(16,421)
	(162,483)	(2,781)	(10,570)	(83,669)
Net financial (liabilities)/assets	(76,666)	36,918	(780)	248,221
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	69,711	-	780	(172,471)
Currency exposure	(6,955)	36,918	-	75,750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
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
	<u>75,953</u>	<u>39,324</u>	<u>5,658</u>	<u>238,253</u>
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)
	<u>(168,301)</u>	<u>(11,165)</u>	<u>(8,305)</u>	<u>(36,122)</u>
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	<u>(79,136)</u>	<u>28,159</u>	<u>-</u>	<u>24,188</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025			
Financial Assets			
Trade receivables	-	9,258	-
Other receivables	-	93	-
Amount owing by subsidiaries	-	-	1,376
Fixed deposits with licensed banks	4,361	-	73,746
Cash and bank balances	23	439	1
	<u>4,384</u>	<u>9,790</u>	<u>75,123</u>
Financial Liabilities			
Trade payables	-	(8,007)	-
Other payables and accruals	-	(495)	-
Revolving credits	-	(2,068)	-
	<u>-</u>	<u>(10,570)</u>	<u>-</u>
Net financial assets/(liabilities)	4,384	(780)	75,123
Less: Net financial liabilities denominated in the entity's functional currency	-	780	-
Currency exposure	<u>4,384</u>	<u>-</u>	<u>75,123</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
	<u>7,253</u>	<u>5,658</u>	<u>28,331</u>
Financial Liabilities			
Trade payables	-	(5,550)	-
Other payables and accruals	-	(575)	-
Revolving credits	-	(2,180)	-
Amount owing to a subsidiary	(1,365)	-	-
	<u>(1,365)</u>	<u>(8,305)</u>	<u>-</u>
Net financial assets	5,888	(2,647)	28,331
Less: Net financial assets denominated in the entity's functional currency	-	2,647	-
Currency exposure	<u>5,888</u>	<u>-</u>	<u>28,331</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Effects on profit after taxation				
CNY				
- strengthened by 10%	(696)	(7,914)	-	-
- weakened by 10%	696	7,914	-	-
USD				
- strengthened by 10%	3,692	2,816	438	589
- weakened by 10%	(3,692)	(2,816)	(438)	(589)
SGD				
- strengthened by 10%	7,575	2,419	7,512	2,833
- weakened by 10%	(7,575)	(2,419)	(7,512)	(2,833)

(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 and the Company 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 23 and 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Effects on Profit After Taxation				
Increase of 100 basis points	(1,772)	(1,751)	(21)	(22)
Decrease of 100 basis points	1,772	1,751	21	22

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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:-

	2025	2024
The Group		
Major concentration of credit risk	*	23%
Number of customers	*	2
The Company		
Major concentration of credit risk	67%	86%
Number of customers	2	6

* During the current financial year, the Group does not have significant credit risk related to any individual customer or counterparty.

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	170,544	153,922	4,540	4,881
Singapore	184,061	71,944	-	-
PRC	54,761	54,662	-	-
Taiwan	9,462	4,697	9,258	4,677
Others	15,791	14,163	-	-
	434,619	299,388	13,798	9,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

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 range of 3 to 5 (2024 - 4) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
<u>Trade Receivables</u>			
Balance at 1.1.2024	3,080	12,184	15,264
Additions (Note 31)	-	3,568	3,568
Reversals (Note 31)	(272)	(1,675)	(1,947)
Foreign exchange differences	(112)	385	273
Balance at 31.12.2024/ 1.1.2025	2,696	14,462	17,158
Additions (Note 31)	3,125	843	3,968
Reversals (Note 31)	(42)	(7,879)	(7,921)
Written off	-	(2,651)	(2,651)
Foreign exchange differences	(177)	(248)	(425)
Balance at 31.12.2025	5,602	4,527	10,129
<u>Contract Assets</u>			
Balance at 1.1.2024	646	13,649	14,295
Reversals (Note 31)	-	(3,927)	(3,927)
Changes due to contract modification	-	(2,220)	(2,220)
Foreign exchange differences	(31)	(653)	(684)
Balance at 31.12.2024/ 1.1.2025	615	6,849	7,464
Additions (Note 31)	334	3,241	3,575
Reversals (Note 31)	(3)	(6,647)	(6,650)
Foreign exchange differences	(37)	(336)	(373)
Balance at 31.12.2025	909	3,107	4,016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
<u>Trade Receivables</u>			
Balance at 1.1.2024	116	529	645
Additions (Note 31)	-	1,399	1,399
Foreign exchange differences	(3)	604	601
Balance at 31.12.2024/ 1.1.2025	113	2,532	2,645
Reversals (Note 31)	-	(1,556)	(1,556)
Foreign exchange differences	(2)	(44)	(46)
Balance at 31.12.2025	111	932	1,043
<u>Contract Assets</u>			
Balance at 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/ 1.1.2025	18	-	18
Additions (Note 31)	-	1,836	1,836
Foreign exchange differences	-	(101)	(101)
Balance at 31.12.2025	18	1,735	1,753

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025				
Current (not past due)	339,893	-	(647)	339,246
Less than 3 months past due	66,648	-	(184)	66,464
3 to 6 months past due	26,405	-	(75)	26,330
More than 6 months past due	7,275	-	(4,696)	2,579
Credit impaired	4,527	(4,527)	-	-
Trade receivables	444,748	(4,527)	(5,602)	434,619
Contract assets	189,109	(3,107)	(909)	185,093
	633,857	(7,634)	(6,511)	619,712
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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025				
Current (not past due)	9,775	-	(75)	9,700
Less than 3 months past due	3,400	-	(36)	3,364
3 to 6 months past due	367	-	-	367
More than 6 months past due	367	-	-	367
Credit impaired	932	(932)	-	-
Trade receivables	14,841	(932)	(111)	13,798
Contract assets	8,170	(1,735)	(18)	6,417
	23,011	(2,667)	(129)	20,215
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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)

Financial Guarantee Contracts (Cont'd)*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.

(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	Contractual	Within	1 - 5	Over 5
	Amount	Undiscounted	1 Year	Years	Years
	RM'000	Cash Flows	RM'000	RM'000	RM'000
		RM'000			
2025					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	7,401	7,876	3,236	4,640	-
Hire purchase payables	5,675	6,310	2,343	3,967	-
Term loans	98,506	101,529	34,092	56,224	11,213
Invoice financing	52,682	53,262	53,262	-	-
Trust receipts	6,525	6,631	6,631	-	-
Revolving credits	36,826	37,181	37,181	-	-
Trade payables	239,877	239,877	239,877	-	-
Other payables and accruals	53,477	53,477	53,477	-	-
Dividend payable	31,241	31,241	31,241	-	-
	532,210	537,384	461,340	64,831	11,213

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2024					
<u>Non-derivative Financial Liabilities</u>					
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	55,620	55,620	-	-
Trust receipts	5,549	5,645	5,645	-	-
Revolving credits	29,472	29,819	29,819	-	-
Trade payables	188,978	188,978	188,978	-	-
Other payables and accruals	48,895	48,895	48,895	-	-
Bank overdrafts	10	10	10	-	-
	<u>423,152</u>	<u>443,555</u>	<u>348,953</u>	<u>78,224</u>	<u>16,378</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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
2025			
<u>Non-derivative Financial Liabilities</u>			
Revolving credits	2,068	2,149	2,149
Amount owing to a subsidiary	1,237	1,237	1,237
Trade payables	8,007	8,007	8,007
Other payables and accruals	10,869	10,869	10,869
Dividend payable	31,241	31,241	31,241
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	302,215	302,215
	<u>53,422</u>	<u>355,718</u>	<u>355,718</u>
2024			
<u>Non-derivative Financial Liabilities</u>			
Revolving credits	2,180	2,265	2,265
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
	<u>19,330</u>	<u>284,751</u>	<u>284,751</u>

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Fair value through profit or loss</u>				
Short-term investments	78,124	-	58,108	-
<u>Amortised Cost</u>				
Trade receivables	434,619	299,388	9,258	4,677
Other receivables	5,053	8,831	93	53
Amount owing by subsidiaries	-	-	36,346	40,931
Fixed deposits with licensed banks	200,046	210,136	133,251	58,540
Cash and bank balances	205,324	202,978	16,279	36,003
	845,042	721,333	195,227	140,204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Liability				
<u>Amortised Cost</u>				
Hire purchase payables	5,675	5,938	-	-
Term loans	98,506	85,584	-	-
Invoice financing	52,682	54,514	-	-
Trust receipts	6,525	5,549	-	-
Revolving credits	36,826	29,472	2,068	2,180
Amount owing to a subsidiary	-	-	1,237	1,365
Trade payables	239,877	188,978	8,007	5,550
Other payables and accruals	53,477	48,895	10,869	10,235
Bank overdrafts	-	10	-	-
Dividend payable	31,241	-	31,241	-
	524,809	418,940	53,422	19,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gain recognised in profit or loss by:				
- mandatory required by MFRS 9	59	-	59	-
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss by:				
- mandatory required by MFRS 9	8,059	7,698	(143)	(1,799)
Financial Liabilities				
<u>Fair Value Through Profit or Loss</u>				
Net losses recognised in profit or loss by:				
- mandatory required by MFRS 9	(218)	(464)	-	-
<u>Amortised Cost</u>				
Net gain/(losses) recognised in profit or loss by:				
- mandatory required by MFRS 9	(7,557)	(11,812)	(223)	(338)

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			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2025								
<u>Financial Asset</u>								
Short-term investments	-	78,124	-	-	-	-	78,124	78,124
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	17,365	-	17,365	17,365
- floating rate	-	-	-	-	81,141	-	81,141	81,141
Hire purchase payables	-	-	-	-	6,150	-	6,150	5,675
Other payables	-	-	-	-	-	626	626	626
2024								
<u>Financial Liabilities</u>								
Term loans:								
- floating rate	-	-	-	-	85,584	-	85,584	85,584
Hire purchase payables	-	-	-	-	6,185	-	6,185	5,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
The Company								
2025								
<u>Financial Assets</u>								
Short-term investments	-	58,108	-	-	-	-	58,108	58,108
Amount owing by subsidiaries:								
- interest-bearing balances	-	-	-	-	-	29,782	29,782	29,782
2024								
<u>Financial Asset</u>								
Amount owing by subsidiaries:								
- interest-bearing balances	-	-	-	-	-	33,960	33,960	33,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value of fixed income trust funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

(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 term loans and 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	
	2025 %	2024 %
Term loans (fixed rate)	3.12 - 3.16	-
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

43. SIGNIFICANT EVENTS DURING 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(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.

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 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 2025 ("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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (iii) 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 has been positively impact KTSB's financial position arising from the recovery of doubtful debt amounting to approximately RM4.3 million. During the current financial year, the amount has been fully collected.

- (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. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (b) 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.

A notice from the Supreme Court of Taiwan had been received on 5 November 2025 that the appeal filed by Hui Neng has been dismissed. The appeal was filed by Hui Neng against the decision of the High Court of Taiwan, which had earlier ruled in favour of KTW and ordered Hui Neng to pay NTD28,067,575 (approximately RM4,108,279), together with interest of 5% per annum from 11 August 2018 until full settlement.

Following the Supreme Court's dismissal of the appeal, the case is now concluded.

CORPORATE INFORMATION

BOARD OF DIRECTORS

IR. GAN HUNG KENG
Executive Chairman

ONG WENG LEONG
Executive Director

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
mengkwei.ng@kelington-group.com

COMPANY SECRETARIES

ANGELINA CHEAH GAIK SUAN
MAICSA 7035272
SSM PC No. 202008002177

TAN BEE HWA
MAICSA 7058049
SSM PC No. 202008001174

REGISTERED OFFICE

Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan, Brickfields
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2382 4288
Fax : +603-2382 4170
Email : tmfkl-cosec@tmf-group.com

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Fax : +603-7845 7097
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INVESTOR RELATIONS

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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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Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : +603-2788 9999
Fax : +603-2788 9998

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

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 2025 is as follows:

Details of Auditors' Remuneration

	Group (RM)	Company (RM)
Statutory Audit Fees	850,921	256,836
Non-Audit Fees	8,000	8,000
TOTAL	858,921	264,836

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 2025 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 2025.

6. EMPLOYEES' SHARE SCHEME ("ESS")

6.1.0 Approval and Duration

The ESS was approved by the shareholders at an Extraordinary General Meeting held on 31 May 2022 and is governed by the ESS By-Laws.

The ESS was initially in force for a period of five (5) years, from 6 July 2022 to 5 July 2027. The Board of Directors has exercised its discretion to extend the ESS for a further period of five (5) years, from 6 July 2027 to 5 July 2032, in accordance with the ESS By-Laws, without requiring further shareholder approval.

6.1.1 Effective Date

The effective date for the ESS was established as 6 July 2022.

ADDITIONAL COMPLIANCE INFORMATION

6.1.2 Offer to Eligible Employees

The Company has extended the ESS to eligible employees, including executive and non-executive Directors of Kelington Group Berhad (“KGB”), initially on 7 July 2022 and subsequently in 2025 to the current Independent and Non-Executive Directors (“INEDs”) who were appointed after 7 July 2022, and other eligible employees in accordance with the ESS By-Laws:

Date of Offer	7 July 2022	19 November 2025	1 December 2025 ⁽¹⁾	
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	5,200,000	170,000	
Closing Market Price on the Date of Offer	RM1.12 per share	RM5.16 per share	RM5.20 per share	
Shares Offered to Directors:				
(1) Gan Hung Keng	1,100,000	-	-	
(2) Ong Weng Leong	1,100,000	-	-	
(3) Chan Thian Kiat ⁽²⁾	50,000	-	-	
(4) Tan Chuan Yong ⁽³⁾	50,000	-	-	
(5) Vice Admiral (Retired) Datuk Haji Jamil Bin Haji Osman ⁽⁴⁾	50,000	-	-	
(6) Soo Yuit Weng ⁽⁵⁾	50,000	The ESS was only offered to the eligible employees excluding executive and non-executive Directors of the Company of Kelington Group.	-	
(7) Ng Lee Kuan ⁽⁶⁾	50,000		50,000	
(8) Soh Tong Hwa	1,100,000		-	
(9) Cham Teck Kuang	1,100,000		-	
(10) Hu Keqin	1,100,000		-	
(11) Ng Meng Kwai	-		30,000	
(12) Chin Wei Min	-		30,000	
(13) Rahima Beevi Binti Mohamed Ibrahim	-		30,000	
(14) Chow Meow Luan	-		30,000	
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.		Subject to certain vesting conditions and after fulfilment of certain performance target, such number of KGB shares to be vested entirely at the end of the extended 5-year period, with vesting occurring on or before 5 July 2032 or such other date to be determined by the ESS Committee.	Subject to certain vesting conditions and after fulfilment of certain performance target, such number of KGB shares to be vested entirely at the end of the 5-year period, with vesting occurring on or before 30 June 2027 or such other date to be determined by the ESS Committee.

ADDITIONAL COMPLIANCE INFORMATION

Notes:

(1) On 7 July 2022, the Company offered a total of 5,750,000 shares under the ESS to the Directors of the Company, of which 250,000 shares were offered to five (5) former INEDs – Chan Thian Kiat, Tan Chuan Yong, Vice Admiral (Retired) Datuk Haji Bin Osman, Soo Yuit Weng and Ng Lee Kuan (“former INEDs”), comprising 50,000 shares each.

Following the resignation or demise of the former INEDs, 215,000 shares from the original offer remained outstanding. The utilisation of these outstanding shares was approved by the shareholders at the Annual General Meeting held on 25 June 2025. On 1 December 2025, the shares were offered to current INEDs who were appointed after 7 July 2022, in accordance with the terms of the ESS (“Utilisation of unvested ESS shares from former INEDs”).

(2) Mr. Chan Thian Kiat deceased on 1 September 2022.

(3) Mr. Tan Chuan Yong resigned as an 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. She was subsequently reappointed as an INED on 1 December 2024.

6.2.0 Summary of ESS

6.2.1 By Categories

	ESS Shares Offered				ESS Shares Vested			Total ESS Shares Outstanding as at 31 December 2025
	Date	In number	Note	%	Date	In number	%	
Directors	07.07.2022	5,750,000	(1)	18.60%	03.07.2023	570,000	6.77%	3,240,000
	19.11.2025	-		0.00%	27.06.2024	840,000	9.98%	
					26.06.2025	1,100,000	13.07%	
Senior Management	07.07.2022	5,390,000		17.43%	03.07.2023	775,300	9.21%	6,107,450
	19.11.2025	4,410,000		14.26%	27.06.2024	1,212,250	14.41%	
					19.09.2024	70,000	0.83%	
				26.06.2025	1,635,000	19.43%		
Management	07.07.2022	13,187,800		42.65%	03.07.2023	355,950	4.23%	12,078,325
	19.11.2025	790,000		2.55%	27.06.2024	508,725	6.05%	
					19.09.2024	212,500	2.53%	
				26.06.2025	822,300	9.77%		
Executive	07.07.2022	993,190		3.21%	03.07.2023	49,950	0.59%	780,715
	19.11.2025	-		0.00%	27.06.2024	67,175	0.80%	
					19.09.2024	8,750	0.10%	
				26.06.2025	86,600	1.03%		
Non Executive	07.07.2022	399,010		1.29%	03.07.2023	25,000	0.30%	299,260
	19.11.2025	-		0.00%	27.06.2024	33,750	0.40%	
					26.06.2025	41,000	0.49%	
TOTAL		30,920,000		100.00%		8,414,250	100.00%	22,505,750

ADDITIONAL COMPLIANCE INFORMATION

Note:

(1) On 7 July 2022, the Company offered a total of 5,750,000 shares under the ESS to the Directors of the Company, of which 250,000 shares were offered to five (5) former INEDs – Chan Thian Kiat, Tan Chuan Yong, Vice Admiral (Retired) Datuk Haji Bin Osman, Soo Yuit Weng and Ng Lee Kuan (“former INEDs”), comprising 50,000 shares each.

Following the resignation or demise of the former INEDs, 215,000 shares from the original offer remained outstanding. The utilisation of these outstanding shares was approved by the shareholders at the Annual General Meeting held on 25 June 2025. On 1 December 2025, the shares were offered to current INEDs who were appointed after 7 July 2022, in accordance with the terms of the ESS (“Utilisation of unvested ESS shares from former INEDs”)

6.2.2 Breakdown of ESS Shares offered and vested to Directors pursuant to ESS as at 31 December 2025 as detailed below:

Director	Date of Offer	No. of ESS Shares Offered	Total No. of ESS Shares Vested	Notes
Gan Hung Keng	7 July 2022	1,100,000	495,000	–
Ong Weng Leong	7 July 2022	1,100,000	495,000	–
Chan Thian Kiat	7 July 2022	50,000	–	Deceased on 1 September 2022
Tan Chuan Yong	7 July 2022	50,000	5,000	Resigned as INED on 1 March 2023
Vice Admiral (Retired) Datuk Haji Bin Osman	7 July 2022	50,000	12,500	Resigned as INED on 29 February 2024
Soo Yuit Weng	7 July 2022	50,000	12,500	Resigned as Senior INED on 30 November 2024
Ng Lee Kuan	7 July 2022	50,000	5,000	First appointed on 1 November 2019, resigned on 31 August 2023; re-appointed on 1 December 2024
	1 December 2025	50,000	–	Utilisation of unvested ESS shares from former INEDs
Soh Tong Hwa	7 July 2022	1,100,000	495,000	–
Cham Teck Kuang	7 July 2022	1,100,000	495,000	–
Hu Keqin	7 July 2022	1,100,000	495,000	–
Chin Wei Min	1 December 2025	30,000	–	Utilisation of unvested ESS shares from former INEDs
Ng Meng Kwai	1 December 2025	30,000	–	Utilisation of unvested ESS shares from former INEDs
Rahima Beevi Binti Mohamed Ibrahim	1 December 2025	30,000	–	Utilisation of unvested ESS shares from former INEDs
Chow Meow Luan	1 December 2025	30,000	–	Utilisation of unvested ESS shares from former INEDs

ADDITIONAL COMPLIANCE INFORMATION

7. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements/ Paragraph 9.41(b) of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group’s business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Group	
	2025 (RM)	2024 (RM)
Total Income		
Revenue	1,274,936,498	1,272,168,961
Other income	11,755,739	12,426,180
Total	1,286,692,237	1,284,595,141
Total Assets	1,391,081,757	1,150,186,065

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income	Conventional account/ Instruments	7,548,209	3,612,033
Total		7,548,209	3,612,033

ADDITIONAL COMPLIANCE INFORMATION

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Group	
	2025 (RM)	2024 (RM)
Cash and bank balances (exclude cash in hand)	54,660,808	42,834,452
Deposits with licensed bank	132,763,233	7,538,801
Short-term funds	78,062,989	-
Total Cash	265,487,030	50,373,253
Conventional Account/Instruments		
Cash and bank balances (exclude cash in hand)	150,029,902	167,301,843
Deposits with licensed bank	67,282,810	194,839,308
Short-term funds	61,383	-
Total Cash	217,374,095	362,141,151

(ii) Debt Component

Islamic Financing	Group	
	2025 (RM)	2024 (RM)
Current		
Hire purchase payables	157,883	-
Non-Current	-	-
Total Financing	157,883	-

Conventional Borrowing	Group	
	2025 (RM)	2024 (RM)
Current		
Term loans	30,893,418	11,052,846
Invoice financing	59,207,266	60,063,667
Hire purchase payables	1,881,009	1,809,200
Revolving credit and loans	36,826,353	29,481,687
Non-Current		
Term loans	67,612,504	74,530,610
Hire purchase payables	3,636,085	4,129,238
Total Debt	200,056,635	181,067,248

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2026

Issued and Paid-up share capital : RM277,510,320.97 comprising of 789,020,762 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	% of Holders	No. of Shares	% of Shares
Less than 100	152	2.71	4,860	0.00
100 - 1,000	1,331	23.76	802,752	0.10
1,001 - 10,000	2,502	44.65	11,032,603	1.40
10,001 - 100,000	1,162	20.74	37,036,597	4.69
100,001 - less than 5%	454	8.10	558,376,382*	70.77
5% and above	2	0.04	181,767,568	23.04
TOTAL	5,603	100.00	789,020,762	100.00

* Including 2,239,800 treasury shares.

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2026

Names	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Palace Star Sdn. Bhd.	135,406,980	17.21	-	-
Sun Lead International Limited	46,360,588	5.89	-	-
Gan Hung Keng	5,191,332	0.66	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Ong Weng Leong	4,886,800	0.62	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Cham Teck Kuang	495,000	0.06	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Hu Keqin	495,000	0.06	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Soh Tong Hwa	6,636,732	0.84	138,947,778 ⁽²⁾	17.66 ⁽²⁾
Fortune Dragon Holding Inc.	-	-	46,360,588 ⁽³⁾	5.89 ⁽³⁾
Lien Hwa Industrial Holdings Corp.	-	-	46,360,588 ⁽⁴⁾	5.89 ⁽⁴⁾
Employees Provident Fund Board	-	-	44,435,700	5.65

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 Companies Act 2016 by virtue of his direct interests in Palace Star Sdn. Bhd. and Sin Huat Hing Farm Sdn. Bhd. and deemed interested under Section 59(1)(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 27 MARCH 2026

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 27 MARCH 2026

Names	Direct Interest		Indirect Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Gan Hung Keng	5,191,332	0.66	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Ong Weng Leong	4,886,800	0.62	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Cham Teck Kuang	495,000	0.06	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Hu Keqin	495,000	0.06	135,406,980 ⁽¹⁾	17.21 ⁽¹⁾
Soh Tong Hwa	6,636,732	0.84	138,947,778 ⁽²⁾	17.66 ⁽²⁾
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 Sdn. Bhd. and Sin Huat Hing Farm Sdn. Bhd. and deemed interested under Section 59(1)(c) of the Companies Act 2016 by virtue of shares held by his spouse and children.

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 27 MARCH 2026

(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares	% of Shares
1	PALACE STAR SDN. BHD.	135,406,980	17.21
2	SUN LEAD INTERNATIONAL LIMITED	46,360,588	5.89
3	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	22,017,000	2.80
4	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	21,114,600	2.68
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	19,972,600	2.54
6	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. ICAPITAL.BIZ BERHAD	16,214,700	2.06
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	13,359,300	1.70
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	13,134,700	1.67
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	12,008,600	1.53

ANALYSIS OF SHAREHOLDINGS

AS AT 27 MARCH 2026

No.	Name of Shareholders	No. of Shares	% of Shares
10	LEE BEE SENG	9,075,300	1.15
11	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	8,756,700	1.11
12	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	8,066,000	1.03
13	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	7,576,238	0.96
14	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,559,439	0.96
15	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	7,559,100	0.96
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	7,480,000	0.95
17	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	7,455,100	0.95
18	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND 2	6,800,000	0.86
19	CHONG ANN TSUN	6,508,564	0.83
20	HSBC NOMINEES (ASING) SDN. BHD. J.P. MORGAN SECURITIES PLC	6,193,407	0.79
21	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	5,886,500	0.75
22	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	5,862,700	0.75
23	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (ABERDEEN 2)	5,805,500	0.74
24	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND	5,600,000	0.71
25	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	5,447,000	0.69
26	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOH TONG HWA	5,416,732	0.69
27	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL MALAYSIA TITANS FUND	5,364,900	0.68
28	GAN HUNG KENG	5,191,332	0.66
29	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PBTB FOR TAKAFULINK DANA EKUITI	5,085,200	0.65
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	5,000,000	0.64

ANALYSIS OF WARRANT HOLDINGS

AS AT 27 MARCH 2026

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	% of Holders	No. of Warrant	% of Warrant
Less than 100	1,063	46.95	48,407	0.06
100-1,000	398	17.58	205,046	0.24
1,001-10,000	596	26.33	2,208,981	2.55
10,001-100,000	170	7.51	5,192,627	6.00
100,001- less than 5%	35	1.55	19,187,198	22.17
5% and above	2	0.09	59,722,960	68.99
TOTAL	2,264	100.00	86,565,219	100.00

LIST OF DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANTS HOLDINGS AS AT 27 MARCH 2026

Names	Direct Interest		Indirect Interest	
	No. of Warrant	% of Warrant	No. of Warrant	% of Warrant
Gan Hung Keng	1,565,444	1.81	53,311,160 ⁽¹⁾	61.58 ⁽¹⁾
Ong Weng Leong	1,463,933	1.69	53,311,160 ⁽¹⁾	61.58 ⁽¹⁾
Soh Tong Hwa	2,371,644	2.74	53,320,314 ⁽²⁾	61.60 ⁽²⁾
Cham Teck Kuang	-	-	53,311,160 ⁽¹⁾	61.58 ⁽¹⁾
Hu Keqin	-	-	53,311,160 ⁽¹⁾	61.58 ⁽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 Companies Act 2016 by virtue of his direct interests in Palace Star Sdn. Bhd. and deemed interested under Section 59(1)(c) of the Companies Act 2016 by virtue of shares held by his spouse and child

ANALYSIS OF WARRANT HOLDINGS

AS AT 27 MARCH 2026

TOP THIRTY (30) WARRANTS ACCOUNTS HOLDERS AS AT 27 MARCH 2026

(Without aggregating the securities from different securities account belonging to the same Depositor)

No.	Name of Warrant Holders	No. of Warrant	% of Warrant
1	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PALACE STAR SDN. BHD. (MY4785)	53,311,160	61.59
2	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	6,411,800	7.41
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN BHD FOR KOAY HEAN ENG	2,399,700	2.77
4	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SOH TONG HWA	2,371,644	2.74
5	KANG CHUN EE	1,700,000	1.96
6	GAN HUNG KENG	1,565,444	1.81
7	ONG WENG LEONG	1,463,933	1.69
8	ANAS BIN AHMAD FARIS	866,400	1.00
9	CHUA ENG KIAT	843,590	0.98
10	NABILAH BINTI ZAINUL	813,900	0.94
11	SOO YUIT WENG	745,000	0.86
12	SOH CHIN LEH	710,700	0.82
13	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	602,366	0.70
14	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEY HOCK SENG	394,633	0.46
15	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD. (SBL/PB)	347,700	0.40
16	QUAH ZHENG WEI	320,000	0.37
17	AUSWOOD PLANTATIONS SDN. BHD.	300,000	0.35
18	OH LAY YEE	300,000	0.35
19	LEE BEE SENG	281,500	0.33
20	KANG FOO YONG	250,000	0.29
21	LOKE YIM PENG @ LOKE WAI PENG	250,000	0.29
22	CHIA ZHEN CONG	240,900	0.28
23	YEOH SOO ANN	236,300	0.27
24	PUBLIC INVESTMENT BANK BERHAD CLEARING FOR PUBLIC MUTUAL BERHAD	220,000	0.25
25	CHUA LEE MING	208,700	0.24
26	LEE KOK HOONG	200,400	0.23
27	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN AH YAN (B TINGGI-CL)	200,000	0.23
28	CHEE KEAT HOE	186,200	0.22
29	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEE YEE MING (CHE2345M)	156,000	0.18
30	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FRANCIS KHOO KAH BOON	143,433	0.17

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Six Annual General Meeting (“26th 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, 24 June 2026 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 2025 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 Ng Meng Kwai | (Ordinary Resolution 1) |
| (ii) Puan Rahima Beevi Binti Mohamed Ibrahim | (Ordinary Resolution 2) |
| (iii) Ms Chow Meow Luan | (Ordinary Resolution 3) |
| 3. 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 2026 until 30 June 2027. | (Ordinary Resolution 4) |
| 4. 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 5) |

Special Business

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

- | | |
|--|--------------------------------|
| 5. 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 6) |

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.”

NOTICE OF ANNUAL GENERAL MEETING

6. **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 7)

- (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.”

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

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

ANGELINA CHEAH GAIK SUAN (SSM PC No. 202008002177 & MAICSA 7035272)
TAN BEE HWA (SSM PC No. 202008001174 & MAICSA 7058049)
Company Secretaries

Kuala Lumpur
Dated this 30th day of April 2026

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 by any one of the following methods, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, with the last day and time for lodging the Form of Proxy being Monday, 22 June 2026 at 10:00 a.m.:-
 - (i) In hard copy form
To be deposited at the Company's Share Registrar's office, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan;
 - (ii) By electronic means
To be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Kindly refer to the Administrative Guide for further information; or
 - (iii) By email
To be sent via e-mail to bsr.proxy@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 16 June 2026 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes on Ordinary and Special Business

- (a) *Item 1 of the Agenda*
Audited Financial Statements for the financial year ended 31 December 2025.

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 3*

Re-election of Directors

Mr Ng Meng Kwai, Puan Rahima Beevi Binti Mohamed Ibrahim and Ms Chow Meow Luan are retiring by rotation in accordance with Clause 97 of the Constitution of the Company.

The profile of the retiring Directors are set out in the Annual Report 2025.

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 4*

Directors' Remuneration

The Remuneration Committee and the Board had reviewed the Directors' Remuneration for the period from 1 July 2026 until 30 June 2027, 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 4 has been passed at the 26th 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.

NOTICE OF ANNUAL GENERAL MEETING

(d) Ordinary Resolution 6

Authority to Issue and Allot Shares

The proposed Ordinary Resolution 6, 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 7

Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 7, 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 2026.

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-Six 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, 24 June 2026 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 Ng Meng Kwai as Director	Resolution 1		
2	To re-elect Puan Rahima Beevi Binti Mohamed Ibrahim as Director	Resolution 2		
3	To re-elect Ms Chow Meow Luan as Director	Resolution 3		
4	To approve the payment of Directors' remuneration payable to the Board of the Company for the period from 1 July 2026 until 30 June 2027	Resolution 4		
5	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company	Resolution 5		
Special Business				
6	Authority to Issue and Allot Shares	Resolution 6		
7	Proposed Renewal of Authority for Purchase of Own Shares by the Company	Resolution 7		

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 _____ 2026

Signature / Common Seal of Shareholder

Notes:

- 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.
- 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.
- 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.
- 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.
- The appointment of proxy may be made in hard copy or in electronic form. The instrument appointing a proxy must be submitted by any one of the following methods, at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, with the last day and time for lodging the Form of Proxy being Monday, 22 June 2026 at 10:00 a.m.:-
 - In hard copy form**
To be deposited at the Company's Share Registrar's office, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan;
 - By electronic means**
To be lodged electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Kindly refer to the Administrative Guide for further information; or
 - By email**
To be sent via e-mail to bsr.proxy@boardroomlimited.com.
- 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 16 June 2026 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Fold this flap for sealing

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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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