

• Annual Report 2024 •



MUHIBBAH ENGINEERING (M) BHD

Registration No: 197201001137 (12737-K)

Corporate Information

Board of Directors

Dato' Mohamad Kamarudin bin Hassan
(Chairman, Senior Independent Non-Executive Director)

Mac Ngan Boon @ Mac Yin Boon
(Group Managing Director)

Mac Chung Jin
(Executive Director/ Deputy Chief Executive Officer)

Shirleen Lee Poh Kwee
(Group Finance Director)

Sobri bin Abu
(Independent Non-Executive Director)

Dato' Khodijah binti Abdullah
(Independent Non-Executive Director)

Dato' Sri Khazali bin Haji Ahmad
(Independent Non-Executive Director)

Mazlan bin Abdul Hamid
(Non-Independent Non-Executive Director)

Audit Committee

Sobri bin Abu (Chairman)
Dato' Sri Khazali bin Haji Ahmad
Dato' Khodijah binti Abdullah

Company Secretaries

Irene Choe Mee Kam @ Irene Chow Mee Kam
(SSM PC No. 202008003930) (MIA16775)
Tia Hwei Ping
(SSM PC No. 202008001687) (MAICSA 7057636)

Registered Office

Lot 579 & 586, 2nd Mile, Jalan Batu Tiga Lama
41300 Klang, Selangor Darul Ehsan, Malaysia
Tel: (603) 3342 4323 Fax : (603) 3342 4327
Email: info@muhibbah.com.my

Auditors

Crowe Malaysia PLT
Firm No. 201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia

Principal Bankers

Affin Bank Berhad
Ambank (Malaysia) Berhad
Bangkok Bank Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
Bank of China (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (603) 2783 9299 Fax : (603) 2783 9222
Email: is.enquiry@vistra.com

Stock Exchange Listing

Muhibbah Engineering (M) Bhd
Main Market of Bursa Malaysia Securities Berhad
Stock Name: Muhibah
Bursa Stock Code: 5703
Bloomberg Stock Code: MUHI MK
Listing Date: 25 February 1994

Favelle Favco Berhad
Main Market of Bursa Malaysia Securities Berhad
Stock Name: Favco
Bursa Stock Code: 7229
Bloomberg stock code: FFB MK
Listing date: 15 August 2006

Investor Relations

Tel : (603) 3376 2530 Fax : (603) 3344 6302
E-mail : ir@muhibbah.com.my

Website

www.muhibbah.com
www.favellefavco.com

Contents

Group Financial Highlights	02
Core Divisions	03
Management Discussion and Analysis	04
Profile of Directors	12
Profile of Key Senior Management	16
Other Information	17
Corporate Governance Overview Statement	20
Audit Committee Report	31
Statement on Risk Management and Internal Control	34
Directors' Responsibility Statement	37
Sustainability Statement	38
Financial Statements	51
Group Properties	153
Statistics of Shareholdings	154
Notice of Annual General Meeting	158
Proxy Form	



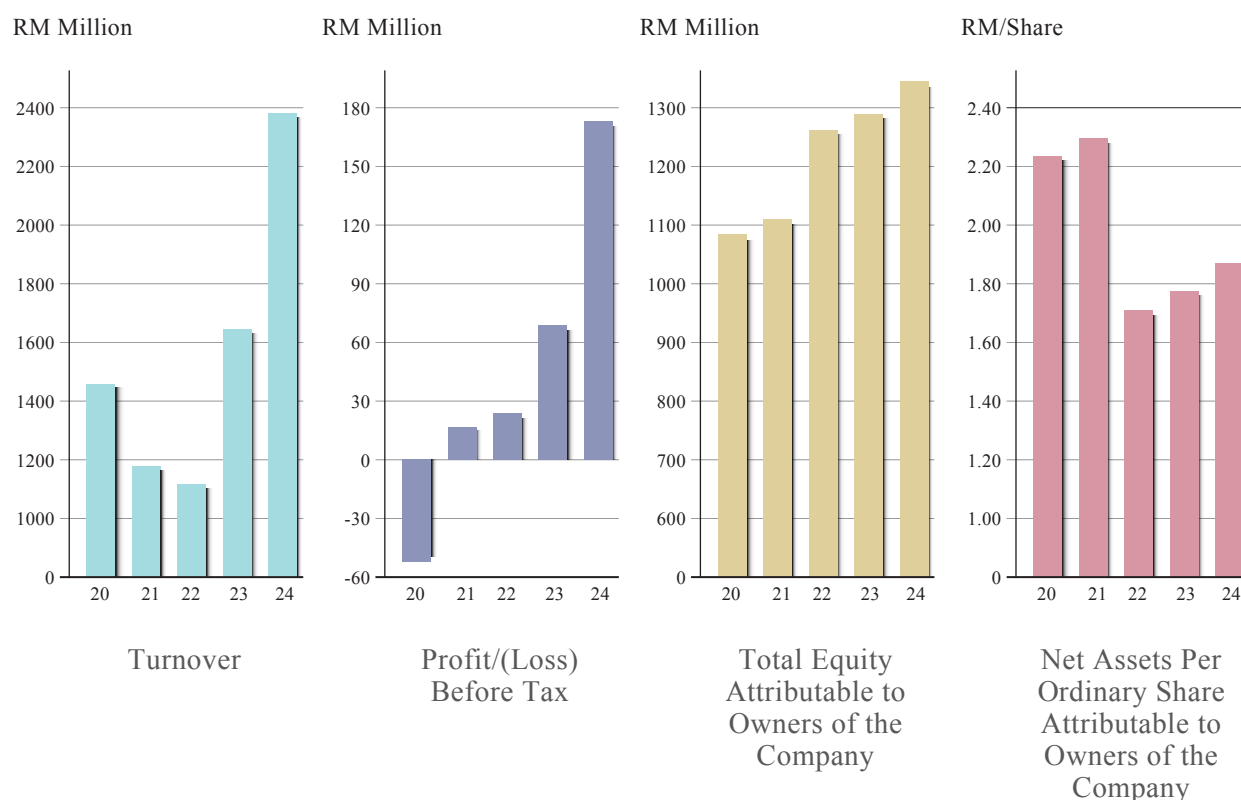
Load out of Gansar Light Weight Structure (LWS)



Group Financial Highlights

	2020	2021	2022	2023	2024
Turnover (RM'000)*	1,460,371	1,189,858	1,124,201	1,638,782	2,389,502
Profit/(Loss) Before Tax (RM'000)	(56,204)	15,900	24,310	66,575	173,307
Profit/(Loss) After Tax (RM'000)	(84,108)	2,499	5,720	36,407	143,424
Profit/(Loss) After Tax and Non-controlling Interest (RM'000)	(123,000)	(3,416)	(17,880)	(7,982)	79,996
Total Equity Attributable to Owners of the Company (RM'000)	1,086,676	1,102,406	1,259,331	1,290,531	1,355,200
Share Capital (RM'000)	306,602	306,602	426,474	426,770	428,320
Basic Earnings/(Loss) Per Ordinary Share Attributable to Owners of the Company (Sen)	(25.44)	(0.71)	(2.75)	(1.10)	11.00
Net Assets Per Ordinary Share Attributable to Owners of the Company (RM)	2.24	2.27	1.73	1.77	1.86

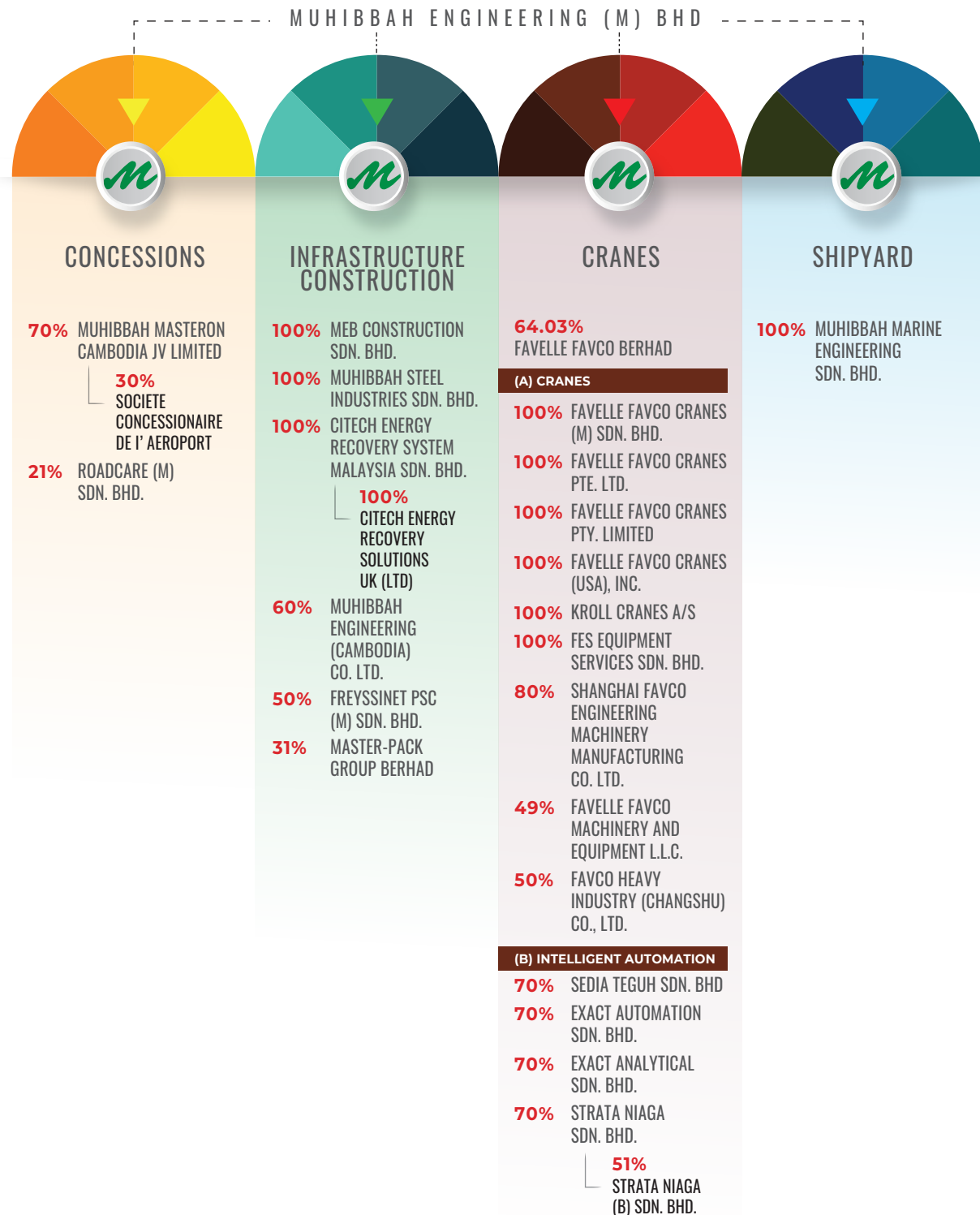
*Group revenue include Group's share of revenue of associates





Core Divisions

as at 28th March 2025



*Only major active companies are included here



Management Discussion and Analysis

Overview of Businesses

Muhibbah was incorporated in Malaysia on 4 September 1972 and has been listed on the Main Market of Bursa Malaysia Securities Berhad (“Main Market”) since 1994.

Since its inception, Muhibbah has established a track record of an international engineering construction company playing an integral role as an integrated solutions provider in related fields such as offshore and onshore platforms, marine facilities, dams, ports, bridges, jetties, petrochemical facilities, offshore steel fabrication structures, highways, industrial infrastructure construction, crane manufacturing, shipbuilding, ship repair, airport construction, airport operations and airport development in both local and global markets.

Muhibbah owns a majority interest in a Bursa Malaysia Main Market listed crane manufacturing company, Favelle Favco Berhad (“Favelle Favco”), which provides one-stop solutions as a manufacturer of specialised offshore oil and gas (“O&G”) pedestal cranes as well as tower cranes for the global markets.

Favco also has 70% equity interest in an Intelligent Automation Group which provide design, engineering and maintenance services for automation solutions, process analysers and specialized equipment.

Our Cambodia Airports Division has a Build-Operate-Transfer concession for the development and management of Cambodia’s international airports (“Cambodia Airports”).

Muhibbah has a wholly-owned shipyard, Muhibbah Marine Engineering Sdn Bhd, located at Telok Gong, Port Klang for shipbuilding and ship repair business activities. Muhibbah also has a wholly-owned steel fabrication yard, Muhibbah Steel Industries Sdn Bhd to carry out offshore and onshore platform works, petrochemical facilities and decommissioning of platform works.

Mission and Strategies

The Group’s long term vision is not only to be in concessions as owner and operator but also as an infrastructure and O&G construction and manufacturing solutions provider. Such vision also includes being a heavy-lifting crane manufacturer and an automation service provider for the global O&G and commercial industries.

Our long term strategy is to continue building the right mix of diversified businesses to complement and provide synergistic growth in the Group as the market evolves.



Provision of EPCC of Bindu A (Jacket & Topside)
Package 1: Topside Structure Load Out



Market Overview in 2024

Based on the International Monetary Fund (“IMF”)’s World Economic Outlook Update January 2025, global Gross Domestic Product (“GDP”) growth is estimated at 3.2% in 2024 (2023: 3.3%).

The Malaysian economy showed encouraging resilience in 2024, outperforming global growth amid persistent geopolitical tensions and economic uncertainties worldwide. Malaysia's economy grew steadily with a GDP growth of 5.1% in 2024 supported by domestic, investment activities, and household spending, surpassing 3.6% GDP growth in 2023.

Review of Financial Results and Operating Activities

Muhibbah Group’s revenue surged 54.9% year-on-year to RM1.94 billion for the financial period ended 31 December 2024 (2023: RM1.25 billion), with its net profit (after tax) rising by 293.9% to RM143.42 million for the financial period ended 31 December 2024 (2023: RM36.41 million). The Group’s robust performance in 2024 was driven by stronger revenue contributions across all our core business divisions, mainly from Concession division, Construction and Engineering division, Cranes and Intelligent Automation divisions.

Key Financial Highlights

- Group’s revenue which includes revenue of associates and joint venture projects was RM2.4 billion (2023: RM1.6 billion)
- Group’s earnings before interest, depreciation, amortisation and tax (“EBITDA”) increased to RM297.6 million (2023: RM191.3 million)
- Group’s net profit after tax was RM143.4 million (2023: RM36.4million)
- Group’s net earnings/(loss) after tax and non-controlling interest was RM80.0 million (2023: RM(8.0) million)
- Group’s basic earnings/(loss) per share was 11.00 sen (2023: (1.10) sen)
- Group’s net assets per share stood at RM1.86 (2023: RM1.77)
- Group’s net gearing was lower at 0.18 times (2023: 0.31 times)



Revenue
RM2.4 Billion



EBITDA
RM297.6 Million



Profit After Tax
RM143.4 Million

Dividend

The Board is pleased to recommend a first and final tax exempt dividend of 3.0 sen (2023: Nil) per ordinary share in respect of the financial year ended 31 December 2024, subject to the approval of the shareholders at the forthcoming Annual General Meeting.



Management Discussion and Analysis (*cont'd*)

Review of Core Business Operations Performance and Outlook

Review of the performance and outlook of each division of the Group for the financial year ended 31 December 2024 and the future prospects of the Group are as follows:

Concessions Division

Cambodia Airports recorded 4.84 million passengers in 2024, a 20% increase from 4.03 million in 2023, driven by strong market recovery. Passenger traffic from South Korea, Vietnam, Singapore, and Thailand exceeded 2019 levels, whilst passengers travel from Qatar, Taiwan and Malaysia continued to grow.

The significant increase in revenue was underscored by both rising demand for air travel to Cambodia and increase in airport passenger service charges implemented during 2024.

On 27 March 2025, Société Concessionnaire de l'Aéroport ("SCA") an associate of the Company signed a settlement agreement with the Royal Government of Cambodia for the compensation for SCA's investments in Phnom Penh International Airport ("PPIA"). The settlement amount is USD140 million, of which USD56.12 million was received by SCA in March 2025.

On the same day, SCA also entered into a Management Service Agreement ("MSA") with Cambodia Airport Investment Co. Ltd to manage and operate the new Techo International Airport ("TIA") for a duration of 15 years.

Construction and Engineering Division

The increase in revenue of our Construction and Engineering Division was achieved through certification of

ongoing works of several key projects. We continue improving our project management and timely execution, and reinforcing cost and quality control.

Our ongoing offshore platform projects are Provision of Procurement, Construction and Commissioning ("PCC") of Module 9 and pipelines for Integrated Bekok Oil Project, Offshore Terengganu, Provision of Engineering, Procurement, Construction and Commissioning ("EPCC") for Duyong Brownfield Modification and Host Tie-In for the Gansar Project (Petronas Carigali Sdn Bhd) and Provision of EPCC of Bindu A (Jacket and Topside) - Package 1 (ExxonMobil Exploration & Production Malaysia Inc).

Ongoing infrastructure and construction projects are Construction and Completion of Onshore Infrastructure and Offshore Facilities inclusive of Main Open Type Wharf for Lumut Maritime Terminal Expansion (Phase 2A), development of office, factory and parking building at Technoplex Industrial Area, Penang (Penang Development Corporation), Student Accommodation and Student Centre (Universiti Teknologi Petronas) and Noise Barrier Enclosure Package (W) for the Light Rail Transit ("LRT") Line 3 from Bandar Utama to Johan Setia.

Through wholly-owned subsidiaries, namely Citech Energy Recovery Solutions Malaysia Sdn Bhd and Citech Energy Recovery Solutions (UK) Ltd ("Citech Group"), operating in Malaysia and the UK, we have established ourselves as a leading thermal energy recovery solutions provider through our proprietary CiBAS technology, an innovative system designed for efficient waste heat capture and utilisation. This will continue to help us to capitalize on opportunities in the rapidly evolving energy sector transitions and position ourselves at the forefront of upholding sustainability practices and initiatives.



Return of Qatar Air and Emirates to Phnom Penh Airport in 2024.

Courtesy of Cambodia Airport



We continue to help clients reduce, recover and recycle the wasted heat as clean energy by integrating thermal engineering solutions for offshore O&G platforms, Floating Production, Storage and Offloading (“FPSO”) vessels and various other industrial operations. Our CiBAS technology solution delivers measurable operational and financial benefits, including reducing waste heat discharged into the environment, lowering operational energy costs by 15% to 25%, enhancing equipment lifespan through optimized thermal management and creating new revenue streams from recovered energy.

The CiBAS’s cutting-edge technology directly addresses the industry’s dual challenge of complying with increasingly stringent emissions regulations while maximizing operational efficiency, and is a crucial advantage as the energy sector transitions towards more sustainable practices.

As at 28 March 2025, the outstanding secured order book for the construction and engineering division stands at approximately RM1.2 billion.



*Student Centre for Universiti Teknologi Petronas,
Bandar Seri Iskandar, Perak*

*Student
Accommodation
Block for Universiti
Teknologi Petronas,
Bandar Seri Iskandar
Perak*





Management Discussion and Analysis (*cont'd*)

Favelle Favco Group Review

We have achieved a record high revenue in the history of Favelle Favco Group of RM901 million for 2024 compared to RM643 million for 2023, representing a 17.78% increase in revenue.

Our crane division posted a revenue of RM643 million whilst our Intelligent Automation Group ("IA Group") posted a record-high revenue of RM258 million and recorded yet another record-high profit.

The revenue was primarily boosted by increased market activity and pricing action we have taken over the years. The profit after tax was challenged by continued cost increases and foreign exchange movements.

Nevertheless, the year was not without its challenges. The O&G sector, which had shown promising recovery in 2023, sputtered again in 2024. Several of our customers delayed or aborted some of their projects resulting in fewer new awards.

Globally, the construction industry saw a slowdown. The existing inventory of cranes remained to meet industry demands.

(I) Crane Division

The crane division witnessed a strong recovery with good intake of orders in the last quarter of 2024, restoring confidence in our business outlook and supporting future earnings growth.

A key milestone during the year was the successful delivery of the Kroll K10000, the largest European tower crane in the world. Designing this crane from scratch



*Favco Crane M1280D,
Metro Project at Melbourne
Australia.*

using the latest of today's technology was certainly a moment for us to be proud of and reinforces our reputation for engineering excellence.

Another significant breakthrough occurred in Saudi Arabia when we secured our first tower crane order in the country. Notably, our cranes have been chosen for the construction of the Jeddah Tower, which will be the world's tallest building.

To diversify our revenue channels, we initiated the development of a logistics warehouse in Sydney, Australia. This project involves the construction of a 14,000-square-meter warehouse on the idle section of our existing land. This move aligns with our long-term strategy of establishing stable and recurring revenue sources beyond our core crane business.



*Favco Crane M2480D,
Canakkale Bridge Project, Turkey.*



(II) Intelligent Automation Group ("IA Group")

The IA Group continued its strong performance in 2024, capitalizing on new business opportunities in industrial automation, electrical infrastructure, and renewable energy.

Remote operations remained a top priority for oil and gas end users. In response, we have expanded our deployment of Industry 4.0 technologies, including cloud computing, edge analytics, and predictive maintenance. These innovations help reduce operational expenses by optimizing asset performance, reducing downtime, and improving first-time fix rates. Our autonomous remote operation platforms have proven highly effective, enhancing cost efficiency and cybersecurity through a robust defence-in-depth architecture.

One of our key highlights in 2024 is the introduction of the world's first Allen Bradley Power Monitoring System for PETRONAS's Floating Liquefied Natural Gas ("PFLNG") applications, ensuring superior power quality and reliability in offshore Liquefied Natural Gas ("LNG") production facilities.

We added to our electrical infrastructure portfolio by supplying Low Voltage panels, including switchboards, motor control centres, and switch over boxes for a water injection facilities project. This marks another milestone in our growing expertise in power and electrical solutions.

We have strengthened our presence in overseas markets by leveraging partnerships and strategic alliances in industrial automation and energy solutions. Our involvement in the Atlas Copco Group specialized equipment rental business and Swinton Technology metering control systems business supporting the O&G sector has diversified our portfolio, allowing us to provide comprehensive solutions to clients. Expanding into new regions, we have secured contracts and projects that reinforce our expertise in industrial automation, electrical infrastructure, and renewable energy.

We have also expanded our reach by delivering MTE Meter Test Bench and portable MTE PTS Check Meter sets to Sabah Electricity for their first Calibration Laboratory in Sabah. We have also increased our presence in Brunei, all in an effort to broaden our market channels.

Our crane division continued its strong momentum and its growth was supported by a healthy order book of RM676 million in Favelle Favco Group (inclusive of the IA Group of RM120 million) as at 28 March 2025.

Air Compressor and Sir Dryer Package for Bintulu Additional Gas Sales Facilities-2 Sarawak by Exact Automation.



Provision of Supply & Delivery Solar Hybrid Wind Turbine System for Gansar Platform, Terengganu by Exact Automation.



Management Discussion and Analysis (*cont'd*)

Marine Division

Our shipyard, a wholly-owned subsidiary company, Muhibbah Marine Engineering Sdn Bhd, is located at Telok Gong, Port Klang.

We are one of the few major Malaysian shipbuilders with a long, reputable track record for constructing offshore support vessels (“OSVs”), such as anchor handling tug vessels, supply vessels, crew vessels, work boats and barges. Over the medium to long term, we are poised to benefit from a greater demand in the O&G sector for the construction of new vessels and OSVs.

Despite challenging market conditions during the year, we successfully monetized several OSVs inventories and secured orders for two (2) new Azimuthing Stern Drive (“ASD”) tug boats contributing positively to our financial performance.

Corporate Development

A significant milestone was reached in August 2024 with the groundbreaking for our 500 acres Kuantan Maritime Hub (“KMH”) land reclamation project, located next to Kuantan Port, Pahang. This development is strategically positioned to capitalize on increased demand for marine-based services and also to generate economic value to the development of the East Coast Economic Region.

The Group has also increased our shareholdings in Master-Pack Group Berhad (“MPGB”). MPGB is a company listed on the Main Market of Bursa Malaysia Securities Berhad, with over 30 years of experience, specializing in the manufacture of corrugated cartons and wooden packaging, offering comprehensive and innovative packaging solutions to international customers across various industries. These include, amongst others, renewable solar energy, semiconductors, food and beverages, automotive, chemicals, and medical industries. With this, MEB Group holds 31% equity stake in MPGB and MPGB becomes an associated company of MEB Group accordingly. This investment is expected to widen the earning base of MEB Group with an additional stream of recurring income through equity accounting of MPGB financial results and dividend income from MPGB.

Future Prospects

The IMF’s World Economic Outlook Update January 2025 is projecting a slower global growth at 3.3% in 2025 on the back of increasing risks and uncertainties related to rising trade tensions and protectionism, a possible escalation of geopolitical conflicts, and challenging fiscal policies in some countries.



Construction of Lumut Maritime Terminal 2 (LMT 2)



The global economic landscape remains complicated, with potential headwinds including implementation of new tariff policies by the United States of America under President Trump's administration, ongoing geopolitical conflicts that may disrupt supply chains and impact market sentiment, inflationary pressures affecting material and operational costs, rising electricity tariffs, which could impact our core business operations

The Government and Central Bank of Malaysia forecast the economy will grow between 4.5% and 5.5% in 2025 driven by expansion in investment activity and household spending but subject to risks, including an economic slowdown in major trading partners amid heightening expectations of global trade and investment restrictions, as well as lower-than-expected commodity production.

We will also continue to seek opportunities in the Middle Eastern region, where infrastructure and mega projects continue to drive demand.

The global business landscape is evolving rapidly, Artificial Intelligence ("AI") implementation is really at its infancy. We are keeping a keen eye on all these developments and are exploring and investing in this evolving AI landscape.

The IA Group remains focused on expansion and growing our international footprint in industrial automation and energy solutions.

Despite the challenging environment, I remain confident in our Group's fundamentals and our ability to navigate the complexities ahead. Our diversified business model, proven technical capabilities, and experienced management team position us well to deliver sustainable value to our shareholders.

Acknowledgement and Appreciation

On behalf of the Board,
I extend my sincere appreciation to our management team
and employees for their dedication and hard work.

We thank our valued customers for your support
and continued trust you have placed in us.

I also wish to thank our shareholders, bankers, business associates,
subcontractors, suppliers and the various government agencies
for their continued trust and support.

Together, we look forward to pursue new opportunities
and overcome challenges in the years ahead.

Mac Ngan Boon @ Mac Yin Boon
Group Managing Director



Profile of Directors

Dato' Mohamad Kamarudin bin Hassan

Aged 69, Male, Malaysian
Chairman

*Senior Independent
Non-Executive Director*

Dato' Mohamad Kamarudin bin Hassan was appointed to the Board of Muhibbah Engineering (M) Bhd as an Independent Non-Executive Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee on 15 May 2014. He was redesignated as the Board Chairman and Senior Independent Non-Executive Director of Muhibbah Engineering (M) Bhd on 4 July 2022 and resigned from his position as member of the Audit Committee, Nominating Committee and Remuneration Committee of Muhibbah Engineering (M) Bhd on 8 August 2022.

He graduated with a Bachelor of Economics Degree (Majoring in Business Administration) from the University of Malaya in 1978 and obtained a Diploma in Public Management from Institute Tadbiran Awam Malaysia (INTAN) in 1979. He received a Master's Degree in Business Administration (Majoring in Finance) from Oklahoma City University, USA in 1987.

Dato' Mohamad Kamarudin began his career with the Administrative and Diplomatic Service in 1979 with his first posting to the Macro-economic Division of the Economic Planning Unit in the Prime Minister's Department. In 1987, he was transferred to the Ministry of International Trade and Industry (MITI) where he had served in various divisions of the Ministry. He was then posted to the Malaysian Embassy in Washington DC as the Economic Counsellor from 1992 to 1994. From January 2006 until his retirement on 31 August 2013, he was seconded to Malaysia External Trade Development Corporation (MATRADE) as its Deputy Chief Executive Officer.

He is also an Independent Director in two (2) other public listed companies, namely, ManagePay Systems Berhad and Hume Cement Industries Berhad.

Mac Ngan Boon @ Mac Yin Boon

Aged 81, Male, Malaysian
Group Managing Director

Mr Mac Ngan Boon @ Mac Yin Boon is the co-founder of Muhibbah Engineering (M) Bhd and was appointed as the Managing Director of the Company on 22 May 1973. He was a member of the Remuneration Committee from 21 February 2002 until 2 March 2018.

He obtained a Bachelor of Engineering (Civil) Degree from the University of Western Australia in 1967. He is also a professional engineer with the Institute of Engineers Malaysia. He started work as a construction engineer in 1967. He has been the Chairman of the Machinery and Equipment Manufacturers Association of Malaysia (MEMA) since 1998 and the Chairman of the Machinery and Engineering Industries Federation (MEIF) since 2016.

He is also an Executive Director of Favelle Favco Berhad, a subsidiary of Muhibbah Engineering (M) Bhd listed on the Main Market of Bursa Malaysia Securities Berhad.



Mac Chung Jin

Aged 51, Male, Malaysian
Executive Director/
Deputy Chief Executive Officer

Mr Mac Chung Jin was appointed as Executive Director of Muhibbah Engineering (M) Bhd on 15 May 2014. He was Alternate Director to Mr Ooi Sen Eng from 2 May 2008 to 15 May 2014. He holds a Bachelor of Civil Engineering Degree from Oxford Brookes University, United Kingdom. He joined Muhibbah Engineering (M) Bhd in 1995 as a Project Engineer and was promoted to Head of Business Development in 1999, spearheading local and international projects. He was appointed Deputy Chief Executive Officer of the Company on 2 September 2013. He is currently also Chairman of the Risk Management Committee of Muhibbah Group.

Shirleen Lee Poh Kwee

Aged 59, Female, Malaysian
Group Finance Director

She joined Muhibbah Group in 1993 as Group Chief Financial Officer to spearhead Muhibbah Group's corporate banking and treasury management, corporate finance and development, mergers and acquisitions, financial management reporting, tax planning, corporate affairs and investor relations as well as the Group's investment strategy and appraisal.

Ms Shirleen Lee is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants. She is also a Certified Financial Planner of the Financial Planning Association of Malaysia.

Ms Shirleen Lee Poh Kwee was appointed as Group Finance Director to the Board of Muhibbah Engineering (M) Bhd in 2014. She is also a member of the Risk Management Committee of Muhibbah Group.

Prior to joining Muhibbah Group, she was a Senior Auditor with an international accounting firm, KPMG with experience in statutory audit, special audit, due diligence, strategic tax planning and compliance services.

Ms Shirleen Lee is also the Group Finance Director of Favelle Favco Berhad, a subsidiary of Muhibbah Engineering (M) Bhd listed on the Main Market of Bursa Malaysia Securities Berhad.



Profile of Directors (*cont'd*)

Dato' Sri Khazali bin Haji Ahmad

Aged 70, Male, Malaysian
Independent Non-Executive Director

*Member of the Audit Committee
Chairman of the Nominating Committee
and Remuneration Committee*

Dato' Sri Khazali bin Haji Ahmad was appointed to the Board of Muhibbah Engineering (M) Bhd as an Independent Non-Executive Director on 16 April 2018. Subsequently, he was appointed as a member of the Audit Committee, Chairman of the Nominating Committee and Remuneration Committee on 8 August 2022.

He graduated with a Bachelor of Economics Degree from University Kebangsaan Malaysia in 1980 and obtained a Diploma in Public Administration from Institute Tadbiran Awam Malaysia (INTAN) in 1981. He received a Master's Degree in Economics from the University of Central Oklahoma, USA in 1991. He was the recipient of the Excellence Service Awards in 2003 and 2006 by the Ministry of Finance. He was also awarded the Asia Tax Commissioner of the year 2015 for his excellent leadership in the Royal Malaysian Customs (Customs), particularly in the implementation of the Goods and Services Tax.

Dato' Sri Khazali began his career as Assistant Director in the Public Service Department Malaysia in 1981. He was subsequently posted to the International Trade Division of the Ministry of International Trade and Industry (MITI) where he held various positions before he was transferred to the Tax Analysis Division under the Ministry of Finance in 1997 and became Section Chief in the Division from 2005 to 2007. Between 2007 and 2008, he served as Special Functions Officer to the Chief Secretary to the Government in the Prime Minister's Department. In early 2009, Dato' Sri Khazali was appointed as Deputy Director General of Customs. His last held position before his retirement in 2017 was Director General of Customs.

He is an Executive Director of Cuscapl Berhad and Independent Director and Audit Committee member of Shangri-La Hotels (Malaysia) Berhad. He is also the Chairman of the Nominating and Remuneration Committees in Favelle Favco Berhad and Shangri-la Hotels (Malaysia) Berhad respectively. He has been re-designated as Chairman and Senior Independent Non-Executive Director of Favelle Favco Berhad.

Sobri bin Abu

Aged 72, Male, Malaysian
Independent Non-Executive Director

*Chairman of the Audit Committee
Member of the Remuneration Committee
and Nominating Committee*

Encik Sobri bin Abu was appointed to the Board as an Independent Non-Executive Director on 27 June 2013. He was further appointed as a member of the Audit Committee as well as the Remuneration and Nominating Committees on 28 August 2013 and redesignated as Chairman of the Audit Committee on 2 March 2018.

Encik Sobri's career spans more than thirty (30) years in the oil and gas industry. He worked not only for major international oil companies, such as ExxonMobil and PETRONAS but also major international engineering construction companies like Babcock King Wilkinson (UK) Ltd of the United Kingdom, Stone and Webster Construction, Inc of the United States of America, Petrofac Engineering and Construction of the United Arab Emirates and local engineering companies including Sumatec Engineering Bhd and Ranhill WorleyParsons of Malaysia.

He is also an Independent Director of Favelle Favco Berhad, a subsidiary of Muhibbah Engineering (M) Bhd listed on the Main Market of Bursa Malaysia Securities Berhad.



Dato' Khodijah binti Abdullah

Aged 67, Female, Malaysian
Independent Non-Executive Director

*Member of the Audit Committee,
Remuneration Committee and Nominating
Committee*

Dato' Khodijah binti Abdullah was appointed to the Board of Muhibbah Engineering (M) Bhd as an Independent Non-Executive Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee effective from 8 August 2022.

She graduated with a Bachelor of Science degree in Agriculture and Agribusiness from the University of Agriculture of Malaysia in 1981 and obtained a Diploma in Public Administration from Institute Tadbiran Awam Malaysia (INTAN) in 1982. She further received a Master's Degree in International Taxation from the Harvard Law School and Public Administration from the Kennedy School of Government from Harvard University, USA in 1997.

Dato' Khodijah Abdullah had served in various capacities in the Malaysian Administrative and Diplomatic service for 36 years from 1983 to 2018. She began her career in the Industries Division of the Malaysian Ministry of International Trade and Industries (MITI). Subsequently, she was transferred to the Taxation Division under the Ministry of Finance (MOF) in 1989. She was appointed as a member of the Tax Reform Committee of the Ministry of Finance of Malaysia effective from 1 September 2019 to 31 December 2020. Her versatile skills, knowledge, and experience span from financial analysis in evaluating and recommending applications for manufacturing licenses and tax incentive packages as well as in formulating taxation policies and negotiating international trade and taxation agreements for Malaysia at bilateral and multilateral levels.

She was also a member of the Board of Directors and the Chairman of the Audit Committee of various statutory bodies and Malaysian Government Linked Companies namely the Inland Revenue Board of Malaysia, the Labuan Financial Services Authority, etc.

She is a member of the board of Trustees of The Cardiac Vascular Sentral Kuala Lumpur (CVSKL) Foundation effective from 4 January 2022 and a member of the board of Trustees of The Chartered Tax Institute of Malaysia effective from January 2023.

Mazlan bin Abdul Hamid

Aged 62, Male, Malaysian
Non-Independent
Non-Executive Director

Encik Mazlan bin Abdul Hamid was appointed to the Board of Muhibbah Engineering (M) Bhd on 15 May 2014 as a Non-Independent Non-Executive Director.

He obtained a Diploma in Engineering from the University of Mara Technology in 1984 and attended an Advanced Metallurgy course in the United Kingdom in 1985. In the same year, he started his career as a project coordinator in DNT (M) Sdn Bhd. He then joined SCS Petrotechnical (M) Sdn Bhd and was seconded to Sarawak Shell Berhad. Thereafter, he joined Bureau Veritas (M) Sdn Bhd as Surveyor and Marketing Manager. He joined Favelle Favco Cranes (M) Sdn Bhd in 1996 as the Sales & Marketing General Manager and has played a key role in penetrating the international cranes manufacturing market.

Encik Mazlan is also an Executive Director of Favelle Favco Berhad, a subsidiary of Muhibbah Engineering (M) Bhd listed on the Main Market of Bursa Malaysia Securities Berhad.



Profile of Key Senior Management

Mac Chung Hui

Aged 46, Male, Malaysian
Managing Director/ Chief Executive Officer
of Favelle Favco Berhad,

*A subsidiary of Muhibbah Engineering (M)
Bhd listed on the Main Market of Bursa
Malaysia Securities Berhad*

Mr Mac Chung Hui was appointed as Chief Executive Officer of Favelle Favco Berhad (“FFB”) on 5 May 2004. He was redesignated as Managing Director on 26 August 2013. He holds a Bachelor of Civil Engineering degree from the University of Nottingham, United Kingdom. He joined FFB as Supervisory Board Member in 1999 and was responsible in assisting the Managing Director in the execution of operational decisions of the FFB Group. He has also been overseeing the production and operation of Favelle Favco Cranes Pty Limited (“FFA”) and Favelle Favco Cranes (M) Sdn Bhd (“FFM”) over the past twenty-one (21) years.

He has no directorships in other public listed companies and listed issuers. He is the son of Mr Mac Ngan Boon @ Mac Yin Boon, the Managing Director and major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years, nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Ooi Kien Chuan

Aged 72, Male, Malaysian

Mr Ooi Kien Chuan joined Muhibbah Marine Engineering Sdn Bhd (“MME”) initially as a Shipyard Manager in 1995. He was appointed as the General Manager and subsequently appointed as a Director in 2015 in the shipyard subsidiary to spearhead the Group’s shipyard operation which includes shipbuilding, ship repairs and other marine engineering services.

He started his working career in 1970. Prior to joining MME in 1995, he gained hands-on knowledge and experience in various capacities in the maritime oil & gas and shipyard industries in Singapore, Brunei and Malaysia. He obtained a Diploma in Management from the Malaysian Institute of Management (MIM) in 1990.

Mr Ooi has no directorships in other public listed companies and listed issuers. He does not have family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past five (5) years, nor any public sanction or penalty imposed by relevant regulatory bodies during the financial year.



Other Information

Additional Information on Directors

1. Family Relationship with any Director and/or major shareholder of Muhibbah Engineering (M) Bhd
None of the Directors have any relationship with each other and/or major shareholders of Muhibbah Engineering (M) Bhd except Mac Chung Jin. Mac Chung Jin is the son of Mac Ngan Boon @ Mac Yin Boon, the Group Managing Director and major shareholder of Muhibbah Engineering (M) Bhd.

2. Conflict of Interest
None of the Directors have any conflict of interest with the Company.

3. Convictions for Offences within the past 5 years, other than traffic offences
None of the Directors have been convicted for offences.

Additional Compliance Information

1. Utilisation of Proceeds from Corporate Proposals
There was no proceeds raised from corporate proposals during the financial year.

2. Fees for services rendered by External Auditors
The amount of fees payable/paid to the Company's external auditors for the financial year ended 31 December 2024 were as follows:

	Group RM'000	Company RM'000
Audit services	690	232
Non-audit service		
▪ Tax Compliance	42	20
▪ Others	40	20
	772	272



Other Information (*cont'd*)

3. Option, Warrant and Convertible Securities

Employees' Share Option Scheme ('ESOS')

The Company operates a Share Issuance Scheme ("SIS") that was established and approved by the shareholders of the Company at an Extraordinary General Meeting held on 22 June 2022. The SIS is to be in force for a period of 5 years effective from 03 October 2022. The SIS has expired on 26 July 2027.

Total number of options granted and exercised by the eligible Directors, senior management and employees of the Group and the outstanding options as at the financial year ended ("FYE") 31 December 2024 are set out in the table below:-

Description	Exercise Price RM	Director/ Key Senior Management '000	Other Eligible Employees '000	Total '000
Grant 1 - 3.10.2022	0.38			
Outstanding as at 1 January 2024		18,600	18,789	37,389
Exercised		(480)	(2,674)	(3,154)
Forfeited		-	(3,437)	(3,437)
Outstanding as at 31 December 2024		18,120	12,678	30,798
Grant 2 - 27.1.2023	0.58			
Outstanding as at 1 January 2024		-	330	330
Exercised		-	(27)	(27)
Forfeited		-	-	-
Outstanding as at 31 December 2024		-	303	303
Total Outstanding options unexercised as at 31 December 2024		18,120	12,981	31,101

The aggregate maximum allocation applicable to directors and senior management of the Group (excluding dormant subsidiaries) is not more than 80% as per the SIS's By-Laws and the actual percentage granted to them since the commencement of the ESOS up to the FYE 2024 was 47.4%.

The above statement should be read in combination with the Audited Financial Statements of the Company in page number 119 to 121 for further details.

Other than as disclosed above, there were no warrants and convertible securities issued by the Company during the FYE 2024.

4. Material Contracts

Save for the recurrent related party transactions disclosed under item 5, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders, either still subsisting as at 31 December 2024 or entered into since the end of the previous financial year ended 31 December 2023.

5. Recurrent Related Party Transactions

At the Annual General Meeting held on 12 June 2024, the Company obtained shareholders' mandate allowing MEB Group to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 26 April 2024. In accordance with Section 3.1.5 of Practice Note No. 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 December 2024 pursuant to the shareholders' mandate are disclosed as follows:-



Transacting Parties	Related Party	Nature of Transactions	Actual Transaction Value for the Financial Year Ended 31 December 2024 RM'000
MEB Group and FFB Group	Mac Ngan Boon @ Mac Yin Boon, Mac Chung Hui, Mac Chung Jin, and Mazlan bin Abdul Hamid	Sales of cranes and parts and rental of cranes, plant and equipment and barges by MEB Group to FFB Group; and subcontracting work awarded by FFB Group to MEB Group	3,703
		# Rental of plant and equipment and scaffolding service by FFB Group to MEB Group	47
		# Rental of office premise, workshop and land located at Hakmilik No. 6322, Lot 129073, Telok Gong, Mukim and District of Klang, State of Selangor by MEB Group to FFB Group, measuring 221,967 sq. ft.	910
		# Rental of office space, factory, cabin and overhead cranes under Lot 586, 2nd Mile, Jalan Batu Tiga Lama by MEB Group to FFB Group, measuring 19,000 sq. ft.	419
		# Rental of land held under PN 109083 Lot No. 104626 Mukim and District of Klang, State of Selangor measuring in area approximately 36,000 square metres by MEB Group to FFB Group	1,515
		Shared services expenses/charges by MEB Group to FFB Group which includes amongst others legal, human resource, corporate finance, banking, investor relations, tax, information technology and internal audit by MEB Group to FFB Group	2,000
		Purchase of goods and services, rental of cranes, plant and equipment by MEB Group from FFB Group; and subcontracting work awarded by MEB Group to FFB Group	13,032

Tenancies are for terms not exceeding three (3) years with rentals payable on a monthly basis.

Abbreviations

“MEB” : Muhibbah Engineering (M) Bhd
“MEB Group” : MEB and its subsidiaries collectively
“FFB” : Favelle Favco Berhad
“FFB Group” : FFB and its subsidiaries collectively



Corporate Governance Overview Statement

Introduction

The Board of Directors (“**the Board**”) is committed towards ensuring that good corporate governance (“**CG**”) is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders’ value and safeguarding interests of other stakeholders.

This Corporate Governance Overview Statement (“**CG Overview Statement**”) describes how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2021 (“**MCCG 2021**”) issued by the Securities Commission of Malaysia and except where stated otherwise, its compliance with the recommended practices of the MCCG 2021 for the financial year ended 31 December 2024.

This CG Overview Statement is also prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and should be read together with the CG Report of the Company which is published on the Company’s website at www.muhibbah.com.

The Board is pleased to present this CG Overview Statement to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the MCCG 2021 with reference to the following three (3) key principles under the stewardship of the Board:-

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board of Directors

Duties and Responsibilities of the Board

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership functions:

- Oversee the conduct of the Group’s businesses and financial performance to determine if the business is being properly managed and provide stewardship in monitoring that the businesses are aligned with the Group’s long and short-term objectives and goals;
- Review and adopt strategic plans/directions of the Company and its Group and to monitor the implementation of such plans/directions by the Management;
- Review and adopt financial results of the Company and the Group as well as review the adequacy of financial information disclosure;
- Review the conduct and performance of major projects to determine whether they are properly managed;
- Assess and review principal risks affecting the Group and supervise the implementation of appropriate systems or processes to manage such risks effectively. Details of the processes are set out in the Statement on Risk Management and Internal Control;
- Ensure there is sound framework for internal controls and risk management;
- Review related party transactions;
- Establish and implement succession planning for the Directors and the Group’s key senior management for the purpose of business continuity. This includes ensuring implementation of appropriate systems for recruitment, training and retention;
- Review and adopt corporate strategy, business plans, major investment and financing plans; and
- Review material litigation, Group’s order book, debt collection status, capital expenditure, borrowing and cash statuses.



The Board has delegated specific responsibilities to committees to assist the Board in the effective operation and governance of the Group. The functions and the authority delegated by the Board have been defined in the Terms of Reference of the respective committees. These committees are the Audit Committee, Nominating Committee and Remuneration Committee. In addition, the Board is also assisted by a Risk Management Committee which comprises members of the Board and Senior Management.

Board Charter

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board, the division of authority and responsibilities of the Board and Management, terms of reference and composition of Board Committees as well as other administrative policies and procedures in relation to the operation of the Board as a whole.

The Board Charter is available on the Company's website at www.muhibbah.com.

Composition and Balance

The Board is well balanced with Executive and Non-Executive Directors. Currently, the Board consists of eight (8) members, comprising four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors. As such, half of the Board comprises Independent Directors. This present composition complies with Paragraph 15.02 of the MMLR of Bursa Securities and the MCCG 2021.

The Board is a firm believer in promoting Board diversity policy in its membership and strives to maintain the right balance for effective functioning of the Board. The Company Directors are professionals in the fields of construction and engineering, oil and gas, finance and accounting and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.

The current Board composition and diversity in terms of each of the Director's industry and/or background experience, age, ethnic and gender composition are as follows:-

	INDUSTRY EXPERIENCE & SKILLS			AGE COMPOSITION				ETHNIC COMPOSITION		GENDER	
	CONSTRUCTION, ENGINEERING AND ENERGY/ OIL & GAS	PUBLIC SERVICES	AUDIT, ACCOUNTING, FINANCE & TAX	50 TO 59 YEARS	60 TO 69 YEARS	70 TO 79 YEARS	80 TO 85 YEARS	BUMI-PUTERA	NON BUMI-PUTERA	MALE	FEMALE
DATO' MOHAMAD KAMARUDIN BIN HASSAN		✓	✓		✓			✓		✓	
MAC NGAN BOON@ MAC YIN BOON	✓						✓		✓	✓	
MAC CHUNG JIN	✓			✓					✓	✓	
SHIRLEEN LEE POH KWEE			✓	✓					✓		✓
ENCIK SOBRI BIN ABU	✓	✓				✓		✓		✓	
DATO' SRI KHAZALI BIN HAJI AHMAD			✓			✓		✓		✓	
DATO' KHODIJAH BINTI ABDULLAH		✓	✓		✓			✓			✓
MAZLAN BIN ABDUL HAMID	✓				✓			✓		✓	

The Board believes that the current composition and board diversity are appropriate given the nature of the Group's businesses and scale of operations. Profiles of the Directors are presented in this Annual Report.



Corporate Governance Overview Statement (*cont'd*)

The Executive Directors are generally responsible for making and implementing operational decisions whilst the Non-Executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making with their knowledge and experience in other business sectors.

A Senior Independent Non-Executive Director of the Company leads the Board, to whom concerns of the Group may be conveyed. The Chairman manages the Board's effectiveness by focusing on strategy, governance and compliance.

Division of roles and responsibilities between Chairman and Managing Director

The Board subscribes to the principle that clear division of responsibilities between the Chairman of the Board and the Managing Director is beneficial to facilitate a check and balance mechanism for the effective functioning of the Board. The Chairman of the Board, Dato' Mohamad Kamarudin bin Hassan who is a Senior Independent Non-Executive Director leads the Board in overseeing the management while Mr Mac Ngan Boon @ Mac Yin Boon as the Group Managing Director focuses on the business and the day-to-day management of the Group. Such separation of roles and positions promotes accountability and ensures that there is a balance of power and authority in the Board's overseeing the management of the Company.

Company Secretaries

The Board is supported by the Company Secretaries who are qualified under the Companies Act 2016. The Company Secretaries advise the Board on CG related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as the Board's policies and procedures.

The appointment of the Company Secretary is based on the capability and proficiency determined by the Board. The Company Secretaries are responsible for ensuring that the secretarial function provides adequate support to the Board and the Board committees. The Company Secretaries are accessible at all times to provide the Directors with the appropriate advice and services and also to ensure that the relevant procedures, policies and all applicable rules and regulations are complied with. As permitted by the Constitution of the Company, the removal of the Company Secretary is a matter for the Board as a whole.

Board Meetings

Board meetings are held at regular intervals with additional meetings convened as and when necessary. Board meetings for each financial year are scheduled before the end of the previous financial year so as to enable the Directors to plan their schedules accordingly. During the financial year under review, the Board met four (4) times to review the Group's operations, review and approve the quarterly financial results, annual financial statements and the relevant operational strategic matters requiring the Board's approval. The Company Secretary records in the minutes of Board meetings all the deliberations, particularly the issues discussed in reaching that decision. Directors have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the MMLR of Bursa Securities.

Details of the Directors' attendance at the Board meetings held during the financial year under review are as follows:

Names of Directors	Attendance at Meetings in 2024
Dato' Mohamad Kamarudin bin Hassan	4/4
Mac Ngan Boon @ Mac Yin Boon	4/4
Sobri bin Abu	4/4
Mac Chung Jin	4/4
Shirleen Lee Poh Kwee	4/4
Mazlan bin Abdul Hamid	4/4
Dato' Sri Khazali bin Haji Ahmad	4/4
Dato' Khodijah binti Abdullah	4/4



All Board members are required to declare their respective directorships in other companies to the Board and are expected to devote sufficient time and attention to carry out their roles and responsibilities as Directors. The Board is of the opinion the requirements under the Companies Act 2016 and MMLR of Bursa Securities are sufficient to ensure adequate commitment by the Directors to perform their duties, including devoting sufficient time to the Company without it being formally regulated. This is evidenced by the Directors' attendance at Board meetings as shown above. Schedule for the Company's Board meeting was formulated and shared with the Directors prior to the beginning of each financial year to ensure the Directors' commitment.

Access to Information and Advice

Due notice is given to the Directors prior to each Board and Board Committee meeting. All Directors are provided with the agenda and Board papers which include minutes of meetings, details of operational, financial, safety and corporate developments and other relevant documents prior to each Board meeting so as to enable the Directors to make well-informed decisions on matters arising at the meetings. It is the primary responsibility of the Chairman of the Board to organise such information necessary for the Board to deal with the agenda and the Board adopts a formal schedule of matters specifically referred to it for decision.

Furthermore, the Board is regularly kept updated and informed of any regulations and guidelines as well as amendments thereto issued by regulators, particularly the effects of such new and amended regulations and guidelines on directors specifically, and the Company and the Group generally.

In addition, the Directors have authority to access all information within the Company in furtherance of their duties as well as to seek the advice and services of the Company's senior management. They are also empowered to seek external independent professional advice in connection with their role as Directors at the Company's expense so as to enable them to make well-informed decisions.

Code of Conduct

The Board is committed to ensuring that all its business activities operate within the good standards of business ethics and integrity as summarised in the Company's code on business practices, which are applicable Group-wide. The key principles of the Company's code on business practices include avoiding conflict of interest situations, insider trading, unethical practices, exercising caution and due care in safeguarding the Company's assets and confidential information.

The Code of Ethics and Business Practice and Conduct is available on the Company's website at www.muhibbah.com.

Anti-Bribery and Corruption Policy

In line with the requirements of the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into effect on 1 June 2020, the Board has adopted the Group's Anti-Bribery and Corruption Policy which sets out information and practical guidelines to all Directors and employees of the Group in relation to the Group's core values and expectations, as well as the policies and procedures in dealing with bribery and corruption matters.

The Board is committed to ensuring that the policies and procedures are reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years.

The Anti-Bribery and Corruption Policy is available on the Company's website at www.muhibbah.com.

Whistleblower Policy

The Group's Whistleblower Policy provides avenues for employees and stakeholders of the Group to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices.

The Whistleblower Policy is available on the Company's website at www.muhibbah.com.



Corporate Governance Overview Statement (*cont'd*)

Sustainability

The Board views the commitment to sustainability and environment, social and governance performance as part of its broader responsibility to clients, shareholders, workplace and the communities in which the Group operates. Every business decision that the Group makes pertaining to growth and profitability is consistent with its social and environmental needs for sustainability. The corporate responsibility initiatives undertaken by the Company for the financial year ended 31 December 2024 are disclosed in the Sustainability Statement of this Annual Report.

II. Board Committees

The following committees have been established to assist the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these committees, which operate within the defined Terms of Reference. The final decision on all matters, however, lies with the entire Board. During the Board meetings, the Chairman of the various Board committees will present the respective committee's recommendations and seek Board approval, where appropriate.

Although the Board Chairman neither a member nor Chairman of the Audit Committee, Nominating Committee and Remuneration Committee, no single director can influence decision making and policies of the Board Committee and Board. The decision-making process of the Board Committee is collectively made in accordance with Terms of References of each committee. The unanimous decisions made by the respective committees are tabled to the Board by the Chairman of the various Board committees for further deliberations before decisions are made by the Board.

a) Audit Committee

The present members of the Audit Committee are as follows:

Names of Committee Members	Designation
Sobri bin Abu	Chairman (Independent Non-Executive Director)
Dato' Sri Khazali bin Haji Ahmad	Member (Independent Non-Executive Director)
Dato' Khodijah binti Abdullah	Member (Independent Non-Executive Director)

The principal objective of the Audit Committee is to assist the Board in carrying out its statutory duties and responsibilities relating to the accounting and reporting practices of the Group. This includes reviewing the quarterly financial results to be disclosed, the scope of works and management letter of the external auditors as well as undertaking any such other functions as may be determined by the Board from time to time.

The Audit Committee consists exclusively of Independent Non-Executive Directors. The Audit Committee met four (4) times during the year.

A report detailing the membership, attendance, roles, and activities of the Audit Committee is presented in the Audit Committee Report of this Annual Report.



b) Nominating Committee

The present members of the Nominating Committee are as follows:

Names of Committee Members	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman (Independent Non-Executive Director)
Sobri bin Abu	Member (Independent Non-Executive Director)
Dato' Khodijah binti Abdullah	Member (Independent Non-Executive Director)

The Nominating Committee met once during the financial year 2024. In accordance with its Terms of Reference, the Nominating Committee reviewed the Board structure, size and composition in the Board to ensure that the Board has the appropriate mix of skills, experience and other core competencies in fulfilling the relevant requirements or guidelines of Bursa Securities.

The Nominating Committee had carried out the following key activities during the financial year under review in discharging its duties:-

- Reviewed and assessed the independence and performance of each Independent Director in bringing independent and objective judgement for Board's deliberation. All assessments and evaluations carried out by the Nominating Committee are properly documented whereby the Nominating Committee was satisfied by the level of independence demonstrated and performance of all the Independent Directors;
- Reviewed the existing balance, size, composition, mix of skills, diversity (including gender, ethnicity and age diversity) and effectiveness of the Board and its committees as whole, the performance of individual Directors and Audit Committee members through an evaluation survey questionnaire known as Board and Board Committees Assessment Questionnaire. The duly completed questionnaire was compiled and used as guidance for the recommendation of appropriate actions for further improvement; and
- Identified and recommended to the Board, the Directors who were due for retirement by rotation subject to re-election at the forthcoming Annual General Meeting.

The Nominating Committee's Terms of Reference are available on the Company's website at www.muhibbah.com.

c) Remuneration Committee

The present members of the Remuneration Committee are as follows:

Names of Committee Members	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman (Independent Non-Executive Director)
Sobri bin Abu	Member (Independent Non-Executive Director)
Dato' Khodijah binti Abdullah	Member (Independent Non-Executive Director)



Corporate Governance Overview Statement (*cont'd*)

The Remuneration Committee met once during the financial year 2024. In accordance with its Terms of Reference, the Remuneration Committee reviewed the remuneration packages of the Executive Directors in accordance with their performance, contribution and level of responsibilities undertaken for the Board and benchmarked against other companies in similar industries to ensure that the Company's remuneration packages remain competitive to attract and retain high calibre executives to run the Company successfully. Directors do not participate in deliberations and decisions on their own remuneration.

Although the Group does not have written remuneration policies, remuneration comparison for similar positions with other Malaysian public listed companies operating in similar industries is performed on an annual basis so as to ensure that the remuneration packages of the Directors remain competitive with the market and is reflective of their respective duties and responsibilities.

The Remuneration Committee's Terms of Reference are available on the Company's website at www.muhibbah.com.

III. Board Evaluation

The process of assessing Directors is an ongoing responsibility of the entire Board. For the financial year under review, the Board assisted by the Nominating Committee, reviewed the skills and experience of the individual Directors and assessed the effectiveness of the Board as a whole.

The Board was satisfied with the performance and effectiveness of the Board and Board Committees who have discharged their duties and responsibilities effectively. The Board evaluation criteria were reviewed by the Nominating Committee during the financial year.

The Board evaluation comprises Board and Board Committees assessments as well as an assessment on the independence of Independent Directors and the contribution of each individual Director which are conducted on an annual basis. The evaluation process which is led by the Nominating Committee and supported by the Company Secretary, involves the individual Directors and committee members completing a set of evaluation questionnaires on a yearly basis regarding the processes of the Board and its committees, their effectiveness and where improvements could be considered by the Company. Based on the outcome of evaluations, the Nominating Committee shall recommend to the Board the areas requiring continuous improvement and form a basis for recommending the directors due for re-election.

The criteria for assessing the independence of an Independent Director include assessing their respective relationship with the Group and their involvement in any significant transaction with the Group. The Board also undertook a self-assessment in which they assessed their own performance.

IV. Appointment, Re-appointment and Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors (including the Managing Director) shall retire from office and be eligible for re-election at each Annual General Meeting and all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Directors appointed during the year will be subject to retirement and re-election by shareholders at the Annual General Meeting.

The Board believes that diversity in the Board's composition will bring value to Board deliberation. The Board recognises the benefit of diversity in gender and hence gender had been inherently considered in the recruitment and appointment of Directors. The Board has two (2) women Directors and the Board is comfortable with its current composition. Nevertheless, to ensure effective appointment of female Directors, the Board does not set any specific target for female Directors but continue to work actively towards having more female Directors on the Board, all things being equal.

V. Reinforcement of Independence

The Board acknowledges the importance of Independent Non-Executive Directors in bringing objectivity and impartiality in providing unbiased opinion and judgment to ensure that the interests of the Group, shareholders, customers and other stakeholders are taken into account during its decision making process. The Board consists of four (4) Independent Directors who were neither involved in the business transactions nor participated in the day-to-day management of the Group.



The Independent Directors satisfy the definition set out in the MMLR of Bursa Securities. The Company meets the requirement prescribed by the MMLR of Bursa Securities to have at least one-third (1/3) of its Board members being Independent Directors and the MCCG 2021 recommendation to have at least half of the Board comprising Independent Directors.

Each Independent Director is responsible to notify the Board of any changes to the circumstances or development of any new interest or relationship that would affect their independence as an Independent Director of the Company.

Currently, there is one (1) Board member, Encik Sobri bin Abu who will have served twelve (12) years by the forthcoming 52nd AGM. He will step down at the 52nd AGM.

The Board takes cognisance of Practice 5.3 of the MCCG 2021 that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. The Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Nevertheless, the Board will seek annual shareholders' approval through a two-tier voting process to retain Independent Director who served on the Board for more than nine (9) years.

The Board continues to strike an appropriate balance between tenure of service and continuity of experience of the Board. However, such change will take some time in order to maintain stability to the Board. Furthermore, the Company acknowledged the benefits from the Independent Directors who have, over time, gained invaluable insights into the Group, its market and the industry.

VI. Directors' Training

The Board is cognisant of the value add that the Directors can bring when they are kept up to date with the industry and regulatory development. All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. During the financial year, seminars and training programmes attended include topics relating to corporate governance, risk management, corporate strategy, finance, taxation and new legislations. Training for Directors will be provided continuously so as to ensure that they are kept abreast with the latest developments in relevant laws, regulations and business practices and to enable them to discharge their duties effectively.

An induction briefing is provided by the Board and Senior Management to any newly appointed Independent Non-Executive Directors to provide them with in-depth knowledge of the Group's businesses and strategies.

The seminars, training programmes, conferences and forums attended by the Directors during the financial year under review include the following:-

T R A I N I N G T I T L E	N A M E O F D I R E C T O R S							
	DATO' MOHAMAD KAMARUDIN BIN HASSAN	MAC NGAN BOON@ MAC YIN BOON	MAC CHUNG JIN	SHIRLEEN LEE POH KWEI	SOBRI BIN ABU	DATO' SRI KHAZALI BIN HAJI AHMAD	DATO' KHODIJAH BINTI ABDULLAH	MAZLAN BIN ABDUL HAMID
Mandatory Accreditation Programme Part II: Leading for Impact (LIP)								✓
Board Ethics - Growing Concerns From New Technology, Stakeholder Interests & Conflict Of Interest	✓							
Driving Growth Through an IPO: An Introduction to SGX and Singapore's Capital Markets		✓	✓					
OSGSE 100 CEOs Forum Bursa Malaysia				✓				
Recent Developments with The LR, Including COI Amendments				✓				
Phillip Capital 14th Investment Conference 2024				✓				
IFN Investor Asian Forum 2024				✓				
Unlocking opportunities in Malaysia Budget 2025 – Tax measures, incentives and E-invoicing solutions					✓			
Bursa Malaysia-Building Sustainable Credibility: Assurance, Greenwashing And The Rise Of Green-Hushing							✓	
Mastering E-Invoicing From Fundamentals To Implementation						✓	✓	



Corporate Governance Overview Statement (*cont'd*)

VII. Directors' Remuneration

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

The Company

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	2,214	144	732	3,090
Non-Executive Directors	-	240	62	302
Total	2,214	384	794	3,392

Other Related Companies

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	180	295	43	518
Non-Executive Directors	545	177	296	1,018
Total	725	472	339	1,536

In compliance with practices 8.1 and 8.2 of the MCCG, there is detailed disclosure on named basis for the remuneration of individual Directors and it is disclosed in the Corporate Governance Report, which can be downloaded from the company's corporate website at www.muhibbah.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee ("AC") comprises three (3) members who are Independent Non-Executive Directors and is chaired by Encik Sobri bin Abu. All members of the AC possess the required skills and experiences to discharge their duties and responsibilities effectively. None of the members were former key audit partner for the Company or the Group in the past three (3) years.

Further details of the AC and its activities are set out in the Audit Committee Report of this Annual Report.

II. Relationship with the Auditors

Through the AC, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external. The internal auditors report directly to the AC and details of their activities are provided in the Audit Committee Report. Both the internal and external auditors are invited to attend the AC meetings to facilitate the exchange of views on issues requiring attention. The external auditors are also invited to attend meetings on special matters, when necessary. In addition, the AC also meets the external auditors, without the presence of Executive Board members and Management, at least twice a year.

The external auditors have declared that they are independent and do not have any conflict of interest to carry out the audits and provision of non-audit services to the Group.

III. Internal Audit Function

Details of the Internal Audit Function and activities are set out in the Audit Committee Report of this Annual Report.



IV. Recurrent Related Party Transactions

The Board, through the AC, reviews the recurrent related party transactions.

All recurrent related party transactions entered into by the Group were made in the ordinary course of business and in accordance with the approved shareholders' mandate for recurrent related party transactions.

V. Risk Management Framework and Internal Control

The Group's Statement on Risk Management and Internal Control presented in this Annual Report provides an overview of the risk management framework and state of internal control within the Group.

PRINCIPLE C:

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Corporate Disclosure Policy

The Company is committed to ensuring that all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company releases all announcements, material and price sensitive information in a timely manner to Bursa Securities as required under the MMLR of Bursa Securities as well as releases the Company's updates to the market and community through the Company's website, media releases and other appropriate channels.

The Executive Directors evaluate the release of all major communications to investors or Bursa Securities.

II. Communication with Investors and Shareholders

The Board recognises the importance of maintaining effective communication with its investors and shareholders. An Investor Relations and Shareholder Communication Policy has been adopted by the Board to enable the Group and the Company to communicate effectively with its shareholders, existing and potential investors, other stakeholders and the public in general. An Investor Relations function has been established to facilitate communication between the Company and its existing shareholders and potential investors.

The Investor Relations function communicates with the shareholders and investors through periodic roadshows and investors briefing both locally and abroad, with fund managers, institutional investors and research analysts. Information such as the Group's performance, strategy and major development are presented and explained during these investor briefings.

Apart from the mandatory announcements of the Group's financial results and corporate developments to Bursa Securities, the Group maintains a website (www.muhibbah.com) that allows all shareholders to gain access to information, business activities and recent developments of the Group and for feedback.

III. Annual General Meeting

The Company had hosted its fourth fully virtual Annual General Meeting ("AGM") on 12 June 2024. The AGM is an important forum and primary channel where communications with shareholders can be effectively conducted. Shareholders are encouraged to attend and participate at the meeting by raising questions on resolutions proposed and to enquire on the Company's progress and performance. Shareholders who are unable to attend the AGM are allowed to appoint proxy/proxies to attend, participate, speak and vote on their behalf. In line with good CG practices, the notice of the AGM was circulated at least 28 days before the date of AGM to enable shareholders to make the necessary arrangements to attend and make informed voting decisions at the AGM.

The Chairman and Directors were in attendance to respond to shareholders' queries during the meeting. External auditors were also invited to attend the AGM to provide independent clarification on issues relating to the conduct of the audit and Auditors' Report, if any.



Corporate Governance Overview Statement (*cont'd*)

The AGM utilised technology and virtual platforms, that allowed the participation of shareholders at the AGM, to pose questions and to receive responses to the questions been submitted prior to convening of AGM or real time submission during the AGM via the online platform provided by the Company's Share Registrar. The Company had posted the Minutes of General Meeting detailing the question and answer session at the corporate website in accordance with Practice 13.6 of MCCG 2021.

In accordance with the MMLR of Bursa Securities, voting at the AGM shall be conducted by poll. All shareholders shall be briefed on the voting procedures by the poll administrator prior to the poll voting and the appointed independent scrutineer shall validate the votes cast and announce the poll results.

Pursuant to the latest directive issued by the Securities Commission Malaysia and Bursa Malaysia, all general meetings of public listed companies must be conducted either as physical or hybrid meetings effective 1 March 2025. Accordingly, the forthcoming 52nd AGM, scheduled to be held on 26 June 2025, will be conducted on a fully physical basis.

Compliance Statement

The Company has complied to a substantial extent, with the principles set out in the MCCG 2021 and the relevant requirements of the MMLR of Bursa Securities on CG to the extent as set out above throughout the financial year ended 31 December 2024.

This CG Overview Statement was approved by the Board on 28 March 2025.



Audit Committee Report

The Board of Directors (“the Board”) of Muhibbah Engineering (M) Bhd is pleased to present the Audit Committee Report for the financial year ended 31 December 2024.

Composition and Attendance

During the financial year under review, the Audit Committee (“AC”) held four (4) meetings. The members of the AC and the record of their attendance at the AC Meetings held during the financial year ended 31 December 2024 are as follows:

Name of Committee Members	Designation	No of Committee Meetings Attended
Sobri bin Abu	Chairman (Independent Non-Executive Director)	4/4
Dato’ Sri Khazali bin Haji Ahmad	Member (Independent Non-Executive Director)	4/4
Dato’ Khodijah binti Abdullah	Member (Independent Non-Executive Director)	4/4

Issues discussed and deliberated during the four (4) AC meetings were recorded in the minutes of each meeting by the Company Secretary. Any matters of significant concern raised by the internal and external auditors were conveyed by the AC Chairman to the Board.

The Executive Directors, the Group’s Finance Director and the Group’s Head of Internal Audit attended all AC meetings by invitation. Representatives of the External Auditors and the Group’s Head of Legal and Contracts also attended the meetings upon invitation by the Chairman of the AC.

Summary of Activities in 2024

The AC carried out its duties in accordance with its Terms of Reference. The main work and activities undertaken by the AC are as follows:

(i) Financial Reporting and External Audit

- Reviewed the announcements of quarterly financial results as well as the year-end financial statements of the Group prior to recommending to the Board of Directors for consideration and approval. The AC deliberated on amongst others, status updates on litigation and dispute matters and also material outstanding matters, secured order book, current year prospects, budgeted revenue, profitability and cash position;
- Reviewed the overall assessment of the external auditor’s performance and independence for the financial period ended 31 December 2024. Messrs Crowe Malaysia PLT has been the Company’s external auditor since 2010 and was recommended for re-appointment for the ensuing year. The financial period ended 31 December 2024 marked the seventh year for the engagement partner;
- Reviewed and approved the external auditors’ audit plan for the financial year ended 31 December 2024 inclusive of the terms of engagement and scope of work at its meeting held on 28 November 2024;
- Reviewed the results of the annual audit for the Group with the external auditors and considered the major audit findings and the Management’s response thereto; and
- Convened two (2) separate meeting sessions with the external auditors without the presence of the Executive Directors and Management on 27 February 2024 and 28 November 2024 to discuss relevant issues and obtain feedback.



Audit Committee Report (*cont'd*)

(ii) Internal Audit

- Reviewed the Group Internal Audit Department (“GIAD”)’s annual internal audit plan to ensure that principal risks, key entities and functions were adequately identified and addressed; the AC approved the annual internal audit plan at its meeting on 28 November 2024;
- Reviewed the recurrent related party transactions review report;
- Reviewed the internal audit reports and specific review reports presented by the Internal Auditors, which comprised audit findings, internal auditors’ recommendations and Management’s committed action plans. Where appropriate, the AC has directed the Management to improve internal controls based on the audit findings and recommendations;
- Reviewed the results of follow-up audits performed by the Internal Auditors to monitor the status of Management’s implementation of the committed action plans; and
- Evaluated the performance of GIAD’s function and was satisfied with regard to the adequacy of scope and competency.

(iii) Reviewed the recurrent related party transactions that arose within the Group on a quarterly basis to ensure that the amounts transacted were within the mandate approved by the shareholders.

(iv) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Board’s approval.

(v) Reviewed major business issues/risks of projects in the Group as well as material litigation affecting the Group.

(vi) Reviewed and monitored all conflict of interest (“COI”) situations within the Group. The COI review was extended to encompass Directors and Key Senior Management within the Group. Enhanced disclosure in connection with any COI or potential COI will be included in the Annual Report of the Company for the year ending 31 December 2025.

(vii) Reviewed and approved the revised Audit Committee Terms of Reference.

(viii) Reviewed the Company’s dividend proposal and recommended the same to the Board for approval.

Internal Audit Function

GIAD is an in-house function that carries out its activities in accordance with the Internal Audit Charter approved by AC, which defines the scope, authority, roles and responsibilities of the internal audit function. The Head of GIAD reports directly to the AC.

GIAD is headed by Ms. Ng Soo How, Josephine, who is a member of the Institute of Internal Auditors Malaysia. She has regular and direct communication with the AC and unrestricted access to the Executive Directors. She is supported by two (2) auditors who have university degrees. All the internal auditors have provided written assurance confirming their compliance with the code of conduct of the Group that they are free from any form of conflicts of interest that could impair their objectivity during the course of their audit works.



Internal Audit Function (cont'd)

Based on the internal audit plan approved by the AC, GIAD performs an independent assessment of the adequacy and effectiveness of the Group's system of internal control, risk management and governance processes. GIAD is guided by the International Professional Practice Framework (IPPF) in their works and performs audit reviews through a risk-based approach, in line with the Group's objectives and policies and taking into consideration input from the Senior Management and the Board. For the financial year ended 31 December 2024, the scope of the review included the following:

- Human Resources and Administration Management
- Project Variation Orders
- Recurrent Related Party Transactions (RRPT)
- Project Management (2 different Projects)

Findings of the above five (5) internal audit reviews were discussed with the Senior Management and the relevant Management of departments or divisions and reported to the AC for their deliberation where the reports included recommendations and mitigation action plans established by the Management to mitigate the issues of concern within the time frame specified. Actions taken by the audited operating units were followed up on by GIAD, and were reported to the AC.

In addition, GIAD carried out the following:

- Facilitated Risk Management Committee meetings and Risk Management Unit meetings for the various business units without compromising its independence.
- Participated in Key Management meetings to keep abreast of the evolution of the risks pertaining to the business environment.
- Reviewed the Statement on Risk Management and Internal Control for the Company's 2024 Annual Report.
- Provided internal audit services and facilitated risk management meetings for the listed subsidiary i.e. Favelle Favco Berhad.

The total cost incurred by GIAD for the financial year ended 31 December 2024 was approximately RM419,000.

Terms of Reference

The Terms of Reference of the AC was last reviewed on 31 July 2023 and there were amendments made to the Terms of Reference in line with the Main Market Listing Requirements. The AC Terms of Reference is made available on the Company's corporate website at www.muhibbah.com.



Statement on Risk Management and Internal Control

Introduction

The Board of Directors (“the Board”) of Muhibbah Engineering (M) Berhad is pleased to include this Statement as required by paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Board’s Responsibilities

The Board, in upholding the principles of corporate governance, is committed to maintaining a sound system of risk management and internal control (“the System”) to safeguard the shareholders’ interests and the Group’s assets. The Board, however, recognised that due to inherent limitations in any system, such system established by the Management can only provide reasonable and not absolute assurance against the risk of material error, misstatement or loss, hence does not eliminate the risk of not achieving the Group’s business objectives.

Risk Management

In line with good practice of closely monitoring the Group’s risk exposure, a Risk Management Committee (“RMC”) with its principal roles and responsibilities stated in the risk management policy and the procedure was formed at the Group level. The RMC is chaired by the Deputy Chief Executive Officer and comprises the Group’s Finance Director and members from Key Management to assist the Board in identifying the key strategic and business risks, monitor and review the Group’s risk profile on a half-yearly basis. The outcome of the RMC meeting is reported to the Board by the RMC Chairman.

The RMC is supported by Risk Management Units (“RMUs”) set up at the respective business units comprising senior management staff and the relevant Heads of Department. The risk management reviews at RMU within each business unit are performed on a half-yearly basis to assess and update the risk profiles, mitigation action and its effectiveness as well as the risk matrix before submission to the RMC.

The RMC and RMUs are established with the aim of providing a continuing and consistent approach in identifying and assessing risks as well as facilitating the review of the adequacy of risk management processes in addressing the ever- evolving risks. Such a risk management process has been in place for the financial year and up to the date of approval of this Statement.

Key Elements of Internal Control

- *Organisation Structure and Authorisation Procedures*

The Group maintains a formal organisational structure with clear lines of reporting that define accountabilities and delegation of responsibilities. The roles and responsibilities that are set out comprise review and approval procedures to uphold the internal control system of the Group’s various business units.

- *Vision and Mission*

The Management has established a vision and mission statement to provide direction to employees toward achieving the goals and objectives of the Group.

- *Authority Limits*

The authority limits for corporate and project levels provide clear delegations of authority. Wherever possible, such authority limits are embedded in the Enterprise Resource Planning System.

- *Code of Conduct, Whistle-Blower Policy and Anti-Bribery and Corruption Policy*

The Group has set up a Code of Conduct, a Whistle-Blower Policy and an Anti-Bribery and Corruption Policy to foster a culture of accountability and integrity. These also serve as a guide to shape the acceptable behaviour of the employees.



- *Group Policies and Procedures*

Standard operating procedures for key business processes had been established to govern the Group's various business operations. Certain subsidiaries within the Group are ISO 9001:2015, ISO/TS 29001:2020 and ISO 30000:2009 accredited. The Corporate Quality Assurance/Quality Control ("QA/QC") Department conducts quarterly Internal Quality Audits to ensure that the operational processes are in accordance with the quality procedures. Apart from in-house quality audits, there were scheduled audits conducted by external auditors from the relevant certification bodies.

- *Centralised Function at the Head Office Level*

Key functions such as business development, human resources, finance, tax, corporate, legal and contracts matters are centralised at the head office.

- *Periodic Management Review of Project Performance*

The Group has established a process to review the performance of selected projects periodically. The project teams meet to examine their progress and performance and also to highlight and explain any significant variances against the project budget and plan to the Senior Management. In addition, management reports are prepared and tabled to the Senior Management for their review and deliberation in the periodic meetings attended by the Project Management Team, Division Heads and Executive Directors.

- *Quality Assurance / Quality Control*

The Corporate QA/QC Department focuses on Quality Assurance of the construction and fabrication works of the Group. A team of Quality Control Inspectors is posted at various project sites and fabrication yards where they carry out quality control activities at sites/yards to ensure that the work performance complies with the quality specifications

- *Safety, Health and Environment*

In addition to the site safety audits, the Health, Safety and Environment Department ("HSE") has been conducting continuous programs including induction and training to ensure safety awareness amongst the staff. HSE also conducts periodic audits and inspections to confirm that the operational processes and implementation conform to the ISO 45001:2018 Occupational Health and Safety Management and the ISO 14001:2015 Environmental Management Systems. As part of the requirements of both certifications, external auditors from the relevant certification bodies will conduct a yearly surveillance audit and a triennial recertification audit.

- *External Audit*

If the external auditors detect any internal control weakness during their audit, they will highlight such weakness in the Audit Review Memorandum to the Audit Committee ("AC") for their attention.

The Group's system of internal control does not apply to Associate Companies and Jointly Controlled Entities where the Group does not have full management control over these entities. However, the Group's interest is served through representations on the Board of the respective associate companies and jointly controlled entities.

Review of Internal Controls

The Board delegated its role of reviewing the adequacy and effectiveness of internal controls to the AC. The AC assesses the internal controls via its review of the quarterly reports submitted by Management, observations reported by the external auditors and the Group Internal Audit Department. In addition, for the period under review, the Board has received opinions from the Managing Director, Deputy Chief Executive Officer and Finance Director that the Group's risk management and internal control system is reasonably adequate and effective in material respects.



Statement on Risk Management and Internal Control (*cont'd*)

Review of Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that caused them to believe that the Statement on Risk Management and Internal Control, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or is factually inaccurate. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

Conclusion

The Board is of the opinion that the risk management and internal control system put in place for the year under review and up to the date of approval of this Statement is adequate to safeguard the shareholders' interests and the Group's assets.

The Board will continue to monitor and ensure that the risk management and internal control system continues to function effectively in the changing and challenging business environment.

This Statement was approved by the Board on 28 March 2025 .



Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 ("the Act") to ensure that the annual financial statements of the Group and the Company are prepared in accordance with the applicable approved accounting statements in Malaysia, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Financial statements have provided a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2024.

In preparing these financial statements, the Directors have adopted appropriate accounting policies on a consistent basis, made judgments and estimates that are reasonable and prudent and ensured that the financial statements are prepared on a going concern basis in accordance with the applicable accounting standards.

The Directors are required to keep proper accounting records with reasonable accuracy to enable them to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.



Sustainability Statement

Presenting Muhibbah's Sustainability Statement

Muhibbah manages sustainability-related risks and opportunities across our diverse operations. In this Sustainability Statement, we highlight our key environmental, social, and governance ("ESG") initiatives and demonstrate how we integrate sustainability into our operations by addressing material ESG matters.

Recognising the evolving sustainability landscape, we continuously refine our strategies to align with global best practices. This includes investing in cleaner technologies, enhancing resource efficiency, and strengthening stakeholder collaboration to drive meaningful impact. By embedding ESG considerations into our decision-making processes, we aim to build a more resilient and responsible business for the future.

Establishing the Scope and Boundary

Our Sustainability Statement presents Muhibbah Group's ESG activities and performance in Malaysia for the period from 1 January 2024 to 31 December 2024 ("FY2024"). The sustainability performance of the Group's crane manufacturing subsidiary, Favelle Favco Berhad ("FFB"), is not consolidated in this statement, as it is reported separately in FFB's Annual Report and Sustainability Statement.

Guided by the Reporting Frameworks

This statement has been prepared in compliance with the Bursa Malaysia Securities Main Market Listing Requirements ("MMLR") and Bursa Malaysia's Sustainability Reporting Guide (3rd edition). ESG disclosures are benchmarked against the guidelines of the Global Reporting Initiative ("GRI") standards and aligned with the United Nations Sustainable Development Goals ("UN SDGs").

Strengthening Data Credibility

We conducted internal due diligence, engaging relevant information owners to ensure the accuracy of all data presented in this statement. To further enhance the integrity of our sustainability disclosures, external assurance will be considered in future reports.

Appreciating Feedback

We welcome your feedback to ensure our sustainability efforts remain relevant and responsive to evolving challenges. Your perspectives help us identify new opportunities for positive impact. For any inquiries or comments, please contact us using the details provided.

Emails:
admin@muhibbah.com.my
info@muhibbah.com.my

Recognitions and Affiliations

The awards and accolades received serve as key indicators of our advancements in sustainable practices and industry recognition of our ESG initiatives. A detailed summary of these achievements is provided below.

AWARDS	• MySIP Appreciation Award - Highest Number of Internships Offered
MEMBERSHIPS	• Association of Maritime Industries of Malaysia • Malaysia OSV Owners' Association
CERTIFICATIONS	• ISO 14001:2015 Environmental Management Systems • ISO 9001: 2015 Quality Management Systems • ISO 45001:2018 Occupational Health & Safety Management Systems • ISO 29001:2020 Requirements for Product and Service Supply Organizations • ISO 30000:2009 Ship Recycling Management Systems • ISO 3834-2:2021 Quality Requirements for Fusion Welding of Metallic Materials • ASME U Stamp Certification for Pressure Vessels • ASME S Stamp Certification for Power Boilers • NB R Stamp Certification for the Repair and Alteration of Boilers and Pressure Vessels



Muhibbah's Approach To Sustainability

Muhibbah's ESG Strategy

Our ESG Strategy, supported by our sustainability policy and sustainability governance structure, guides strategic planning and ESG efforts across our operations. Anchored on key strategic thrusts and sustainability pillars, it ensures alignment with our Vision and Mission while addressing material sustainability matters that impact both our business and stakeholders. This structure aligns with the UN SDGs, positioning us to navigate challenges and create lasting stakeholder value.

Vision	Forging Ahead with Globalisation and Focused Diversification in the Pursuit of Excellence			
Mission	To be the global leader in concessions as ownership and operations, infrastructure and oil & gas construction, while excelling as a heavy-lifting crane manufacturer and an automation service provider for the global oil & gas and commercial industries			
Strategic Thrusts	Drive long-term financial stability by embedding sustainability in business decisions while prioritising local suppliers to support local economies	Uphold corporate governance best practices, ensure regulatory compliance, and prevent all forms of bribery and corruption across operations	Reduce environmental impact by monitoring carbon emissions enhancing recycling, minimising waste, and promoting water conservation	Ensure a safe, inclusive work environment, promote employee development, and minimise community disruptions during project operations
Sustainability Pillars	Economic Growth	Good Governance	Environmental Stewardship	Social Responsibility
Material Sustainability Matters	<ul style="list-style-type: none"> • Investor Relations • Supply Chain Management • Quality Control and Customer Satisfaction 	<ul style="list-style-type: none"> • Regulatory Compliance • Corporate Governance, Risk Management and Anti-Corruption • Data Privacy and Security 	<ul style="list-style-type: none"> • Energy, Emissions and Climate Resilience • Waste and Pollution Management • Water Management • Biodiversity 	<ul style="list-style-type: none"> • Occupational Health and Safety • Labour Practices and Standards • Diversity and Talent Management • Community Engagement and Contribution
Contributions to the UN SDGs	<div> <div>3 GOOD HEALTH & WELL-BEING</div> <div>5 GENDER EQUALITY</div> <div>6 CLEAN WATER & SANITATION</div> <div>7 AFFORDABLE & CLEAN ENERGY</div> <div>8 DECENT WORK & ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION & INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION & PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>16 PEACE, JUSTICE & STRONG INSTITUTION</div> </div>			
Stakeholder Groups	<ul style="list-style-type: none"> • Regulatory Agencies • Shareholders / Investors • Financiers / Bankers • Client • Employees • Suppliers / Sub-contractors • Local Communities 			



Sustainability Statement (*cont'd*)

Our Environmental Policy

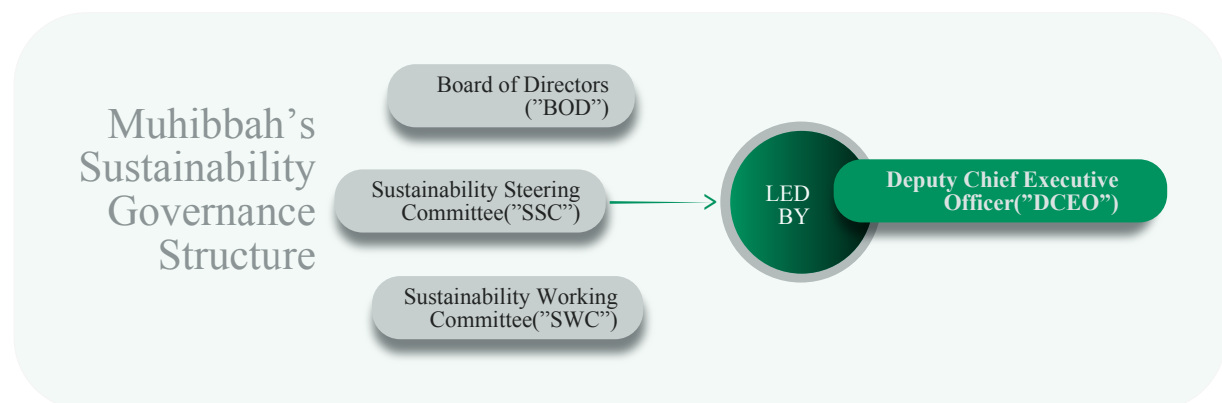
We demonstrate our pursuit towards environmental protection by implementing robust environmental management practices, ensuring full compliance with regulatory requirements, and integrating environmental responsibility into our operations through our Environmental Policy. Further to this, we also prioritise the development and application of sustainable designs and technologies across all areas of operation.

ENVIRONMENT POLICY STATEMENT

- Establishing, implementing, and maintaining the Environmental Management System by continuously improving its processes by setting up Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) objectives, targets, and Environmental Management Programme (EMP);
- Conducting training for all Muhibbah employees in order for them to understand their roles and responsibilities in implementing environmental management system that meet and excels client and legal requirements;
- Ensuring conformance and commitment against the relevant environmental compliance obligations;
- Encouraging environmental sustainable concept throughout all Muhibbah's activities;
- Consideration on environmental aspects and impacts in all business strategies and initiatives;
- Conveying the Company's Environmental Policy to all individuals working for or on behalf of the organisation, interested parties and made available to the public.

Our Sustainability Governance Structure

The Board of Directors (the "Board") provides strategic oversight, supported by the Sustainability Steering Committee ("SSC") and the Sustainability Working Committee ("SWC"). Collectively, they drive the implementation of sustainable practices across the organisation. The following outlines their roles and responsibilities in advancing these efforts.



Roles and Responsibilities

The Board of Directors provides oversight of sustainability initiatives by guiding the Group's sustainability strategy and establishing its strategic direction. The SSC is responsible for reporting the sustainability performance to the Board on a periodic basis. Led by the DCEO, the SSC provides guidance to the SWC on the implementation of sustainability-related strategies. The SWC consists of internal departments that manage the day-to-day implementation, data collection and monitoring of the sustainability initiatives.



Contribution to the Global Goals

Muhibbah supports the 2030 Agenda for Sustainable Development, aligning our operations with 9 UN SDGs and their corresponding targets. Our efforts create positive impacts across the environment, social well-being, and governance which contributes to a more sustainable future for people, planet, prosperity, peace, and partnerships.



- 3.5: Strengthen the prevention of substance abuse, including narcotic drug abuse and harmful use of alcohol**
- Smoking in restricted areas or being under the influence of alcohol or drugs while on duty is classified as misconduct under Clause No.15(k) of our Code of Ethics, Business Practice and Conduct Policies and Procedures



- 3.8: Achieve universal health coverage, including access to essential health-care services**
- We provide our employees with health benefits and medical insurance



- 5.2: Eliminate all forms of violence against all women and girls**
- Our Sexual Harassment Policies has been established under the clause no.16 in its Code of Ethics, Business Practice and Conduct Policies and Procedures. The Group promotes awareness on sexual harassment throughout our workplace



- 6.3: Improve water quality by reducing pollution, minimising the release of hazardous chemicals and materials**
- Our Infrastructure Construction Division conducts periodic monitoring of effluent and stormwater discharge through in-situ measurements and laboratory testing, in accordance with environmental regulations



- 7.2: Increase the share of renewable energy in the global energy mix**
- Solar photovoltaic ("PV") panels have been installed at our offices as well as Shipyard



- 8.7: Eradicate forced labour and eliminate child labour**
- The Group strictly prohibits all forms of forced or child labour, ensuring compliance with legal standards through age verification, identity checks, and background screening to uphold ethical employment practices



- 9.4: Upgrade infrastructure to make them sustainable, with increased resource-use efficiency**
- Our Infrastructure Construction Division supplies Waste Heat Recovery Units ("WHRUs") with a low carbon footprint for retrofitting traditional WHRUs to enhance energy efficiency



- 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse**
- Our airport concession projects implemented a waste management process aimed at achieving zero waste to landfill by reducing packaging, eliminating single-use plastics, increasing recycling, and enhancing waste recovery. A waste sorting area has also been established, and electronic and battery waste is sent to recycling companies for proper disposal.



- 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters**
- We disclosed our Scope 1, 2 and 3 greenhouse gas ("GHG") emissions in FY2024
- 16.5: Reduce corruption and bribery in all their forms**
- We established an Anti-Bribery and Corruption Policy in compliance with the Malaysian Code of Corporate Governance 2021
 - The Group has recorded zero cases of corruption and bribery in FY2024



Sustainability Statement (*cont'd*)

Engaging Stakeholders Effectively

The Group employs diverse communication channels to ensure our operations align with stakeholder priorities. Understanding the areas of concern allows us to refine sustainability strategies and enhance our ESG outcomes.

Areas of Interest	Our Approach	Method and Frequency
SHAREHOLDERS / INVESTOR		
<ul style="list-style-type: none"> Group financial performance Corporate governance and compliance Ethical business conduct Share price growth Mitigation and adaptation to climate change ESG indicators, performance and tracking 	<ul style="list-style-type: none"> Provided updates on the Group's financial performance through meetings and financial reports Developed corporate governance policies, including the Code of Conduct, Whistleblowing Policy, and Anti-Bribery and Corruption Policy Ensured responsibility for sustainable practices through the publication of ESG performance reports Promoted environmental responsibility through the Group's Environmental Policy and encouraged the development and use of environmentally friendly designs and technologies 	<ul style="list-style-type: none"> Th Investors virtual and physical meetings A Annual general meetings Q Quarterly financial reporting and annual reports Th Investors virtual and physical seminars and conferences Th Communication via emails or teleconferencing
REGULATORY AGENCIES		
<ul style="list-style-type: none"> Regulatory compliance Labour practices Occupational Safety & Health Environmental management and compliance Operating license 	<ul style="list-style-type: none"> Ensured adherence to all relevant regulations through our Code of Conduct and Corporate Disclosure Policy Implemented policies and procedures to prevent and reduce corruption, bribery, and unethical conduct Actively participated in seminars and trainings to stay informed on legislative updates and industry trends 	<ul style="list-style-type: none"> Ad Inspection by the local authority Ad General meetings with local regulators Ad Relevant circulations on authorities' / regulators' policies Ad Communication of new law and changes in law Th Attending seminars held by regulators Ad Courtesy visit for information sharing & clarification
FINANCIERS / BANKERS		
<ul style="list-style-type: none"> Group business strategy Cash flow and profit forecast of the company Sustainable financing 	<ul style="list-style-type: none"> Conducted regular engagement and meetings to provide credible and consistent financial messaging Emphasised sustainable financing to ensure long-term viability and responsible investment 	<ul style="list-style-type: none"> Th Direct engagement meetings Th Communication via emails or teleconferencing Th Webinars and online training
CLIENTS		
<ul style="list-style-type: none"> Group financial performance Quality of work and services Customer-company relationship management Compliance with Health, Safety and Environment ("HSE") and security policies/requirements Contract requirement compliance Work Performance, Completion & Satisfaction 	<ul style="list-style-type: none"> Provided updates on the Group's financial performance through meetings and financial reports Participated in national awards i.e. HSE award Delivered quality products and services to clients through adherence to the Quality Policy and internationally certified Quality Management Systems 	<ul style="list-style-type: none"> Th Regular client meetings Th Feedback sessions Th Satisfaction surveys Th Company's website Th Periodic quality control checks and audits at project sites Th HSE walkabouts and audits A Internal recognition A Third parties' audit

Legend Ad Ad-hoc A Annually Q Quarterly B Bi-annually Th Throughout



Engaging Stakeholders Effectively (cont'd)

Areas of Interest	Our Approach	Method and Frequency
EMPLOYEES		
<ul style="list-style-type: none"> Performance management, career development & stability Compliance with HSE policies Learning and development opportunities Employee engagement initiatives Realignment of company policies with the Employment Act 1955 (Amendments) Rewards and remuneration programmes Safe working environment 	<ul style="list-style-type: none"> Provided employees with performance incentives, including a share option scheme, insurance coverage, hospitalisation and surgical benefits, and a productive work environment Provided learning and development programmes that focused on key areas such as business, functional, leadership, and personal development Established a policy related to alcohol & drug abuse Reintroduced MyGrads Programme Participated in Employee Share Option Scheme (“ESOS”) as an incentive and alignment of interest 	<ul style="list-style-type: none"> A Staff Performance Review Th WhatsApp Work Groups, email, and face-to-face briefings Th On-board induction both at HQ and project sites Th Briefing on awareness of Company Corporate Government Policies Th Upskilling through face-to-face or online training A Cost Reduction Optimisation Programme Th Grievance mechanism for feedback and response
SUPPLIERS / SUB-CONTRACTORS		
<ul style="list-style-type: none"> Procurement practices Payment schedule Ability and capability of suppliers or sub-contractors Financial stability of sub-contractors Compliance with HSE Management 	<ul style="list-style-type: none"> Established e-procurement with long-term strategic suppliers Conducted supplier evaluation and performance reviews Delivered training sessions and briefings 	<ul style="list-style-type: none"> Ad Vendor registration Ad Contract tender negotiation Th Third party appraisal of sub-contractors Th Periodic audit and inspection
LOCAL COMMUNITIES		
<ul style="list-style-type: none"> Social issues Impact of business operations Transparency and accountability Compliance with HSE Management 	<ul style="list-style-type: none"> Set up Muhibbah’s CSR Rangers to contribute to the society 	<ul style="list-style-type: none"> Th Community engagement Th Corporate Social Responsibility (“CSR”) programmes Th Donation and support of supplies

Legend **Ad** Ad-hoc **A** Annually **Q** Quarterly **B** Bi-annually **Th** Throughout

Identifying Material Matters

Our materiality matrix provides a structured representation of key ESG issues identified through a comprehensive assessment process. This includes stakeholder engagement, weighted rankings, and alignment with our strategic sustainability priorities. By mapping these issues based on their significance to our business and stakeholders, the matrix informs decision-making and resource allocation for sustainability initiatives.

For FY2024, we conducted a reassessment of material sustainability matters, resulting in the identification of 14 key issues that are central to our sustainability strategy. These matters reflect evolving business dynamics, stakeholder expectations, and regulatory developments.





Sustainability Statement (*cont'd*)

Advancing Climate Action

Muhibbah recognises the substantial impact climate change can have on our operations and has integrated climate-related roles and responsibilities into the newly developed Terms of Reference (“TOR”) for the Board and the SSC.

The Group monitors and discloses our Scope 1, 2 and 3 GHG emissions using the operational control approach, as defined in the Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standard (2004).

- Scope 1 - direct emissions from assets directly controlled by Muhibbah
- Scope 2 - indirect emissions from purchased electricity
- Scope 3 - indirect emissions from business travel

To strengthen our climate risk management initiatives, the Group plans to assess climate-related risks and opportunities and explore ways to incorporate them into our risk management framework in the near future.

ECONOMIC GROWTH



Muhibbah drives sustainable economic growth by improving operational efficiency and generating value for stakeholders, while supporting long-term stability within the sectors in which the Group operates.

Investor Relations

Investor relations are vital for Muhibbah as they ensure transparent communication with shareholders. Effective communication of the Group’s financial performance and strategic direction supports long-term investment decisions and strengthens the organisation’s market reputation. In FY2024, the Group recorded a **total revenue of RM2,389 million**.

Supply Chain Management

Optimised supply chain operations are crucial for Muhibbah to maintain efficiency and ensure timely service execution. Effective management in this area minimises disruptions and enables us to consistently meet customer expectations with reliability and excellence.

Muhibbah adopts a structured approach to supply chain management, integrating efficiency, quality, and sustainability into our operations. Vendor registration and performance reviews help maintain a reliable supplier base, while third-party appraisals and periodic audits strengthen accountability. To enhance efficiency, an e-procurement system is in place, fostering long-term strategic partnerships and ensuring a resilient, responsible supply chain that supports operational sustainability.

93% procurement spent on local suppliers

Quality Control and Customer Satisfaction

High standards of quality assurance are essential for delivering reliable products and maintaining safety protocols. The Group maintains stringent quality standards through internationally recognised Quality Management Systems and adherence to our Quality Policy, with subsidiaries undergoing periodic audits to ensure compliance.

INITIATIVES TO ENHANCE QUALITY

Groupwide

- Implemented the Quality Assessment System in Construction (“QLASSIC”) score to evaluate workmanship quality of our construction works
- Adopted quality control document management software

Infrastructure Construction Division

- Established Welding Procedure Specifications (“WPS”) and Procedure Qualification Record (“PQR”) for duplex stainless steel and Inconel alloy steel
- Introduced Oxygen Analyser and Ferrite Count Measurement instruments to improve quality of welding works
- Conducted in-house training programme on Non-Destructive Examination (“NDE”) to enhance the quality of NDE work in projects
- Redefined fabrication process standards for traditional waste heat recovery units to achieve seamless and high-quality fabrication

To measure and improve service quality, customer satisfaction surveys have been conducted across the Group.

84% customer satisfaction score achieved

As part of our focus towards maintaining high standards of quality, the Group has maintained the following ISO certifications for FY2024.

- ISO29001:2020
- ASME U, S stamp
- ISO30000:2009
- NB R Stamp
- ISO3834-2-2021



GOOD GOVERNANCE

16
PLACE
YOUR
STRONG
INSTITUTION

Muhibbah upholds the principles of good governance through transparency, accountability, and ethical practices. Effective leadership, alongside responsible decision-making, fosters trust while driving sustainable progress for all our stakeholders.

Regulatory Compliance

Adhering to regulatory standards is essential for maintaining lawful operations and supporting safety requirements across Muhibbah's diverse operations in the built environment, marine, aviation as well as oil and gas sector. This builds stakeholder trust, protects our reputation, and drives long-term business success through enhanced operational efficiency.

As such, Muhibbah is focused on upholding stringent regulatory standards in our operations. Our Ship Recycling Management Systems is certified with ISO 30000:2009, complying with environmentally responsible ship decommissioning practices. Our Environmental Management System is ISO 14001:2015 certified, underscoring our focus towards sustainability and continuous improvement in managing the environmental impacts of our activities.

Corporate Governance, Risk Management and Anti-Corruption

Transparency and ethical conduct are fundamental for ensuring regulatory compliance at Muhibbah. Upholding rigorous standards in corporate governance, risk management and anti-corruption measures further strengthens operational effectiveness and bolsters stakeholder confidence.

To uphold transparency, accountability, and ethical standards across all our operations, and in alignment with the principles set forth by the Malaysian Code on Corporate Governance ("MCCG") 2021, the Group has implemented a list of policies as outlined.

This year, the Group reviewed and updated our Code of Conduct and HR policies to ensure compliance with current business requirements. A new Leave Management Policy has also been implemented to streamline leave processes.

- Anti-Bribery and Corruption Policy
- Board Charter
- Board Diversity Policy
- Code of Conduct
- Corporate Disclosure Policy
- Decommissioning Policy
- Investor Relations and Shareholder Communication Policy
- Risk Management Policy
- Whistleblower Policy

Data Privacy and Security

Protecting customer data and ensuring privacy are foundational to building trust and meeting regulatory obligations for Muhibbah's diverse area of operations. Safeguarding sensitive information mitigates the risk of data breaches, while maintaining compliance. Prioritising these areas secures business operations and strengthens relationships with our clients.

Muhibbah enforces strict data protection measures in compliance with the Personal Data Protection (Amendment) Act ("PDPA") 2024. A dedicated department manages customer data and privacy-related complaints, ensuring timely resolution. To enhance data security, Muhibbah adopts a structured approach that includes data classification to prioritise protection based on sensitivity. Data minimisation practices further reduce exposure risks by limiting the collection and retention of personal data to only what is essential for business operations.

If a complaint suggests a potential data breach, an Incident Response Team, including IT security professionals and legal counsel, is activated to assess and address the situation. Immediate containment measures are implemented to limit impact, and the team evaluates the breach, identifies affected parties, and coordinates notifications to customers and regulatory authorities.

ZERO COMPLAINTS
REGARDING BREACHES
OF DATA PRIVACY AND
LOSSES OF CUSTOMER
DATA



Sustainability Statement (*cont'd*)

ENVIRONMENTAL STEWARDSHIP



Committed to environmental stewardship, Muhibbah prioritises sustainable practices that minimise impact and promote resource conservation. As we implement responsible actions, we strive to protect the environment while supporting long-term ecological balance.

Energy, Emissions and Climate Resilience

Optimising energy consumption enhances operational efficiency at Muhibbah. As we adopt energy-efficient technologies in equipment and processes, we minimise fuel use, reduce emissions, and improve overall project sustainability.

The Group is focused on reducing our environmental impact through energy management, emissions reduction, and building climate resilience across our operations. Our Environmental Management System is certified with ISO 14001:2015, and we have implemented a series of sustainable practices to promote energy efficiency and reduce our carbon footprint.

Since 2015, our airport concession projects have been accredited under the Airport Carbon Accreditation (ACA) programme, starting with Level 1 for Carbon Footprint & Policy and advancing to Level 2 for Emissions Reduction in 2019. In 2024, Phnom Penh International Airport achieved ACA Level 3, recognising successful third-party engagement in carbon footprint management. The Sihanoukville International Airport has also achieved Level 3 “Optimisation” accreditation from the Airports Council International (“ACI”) in the third quarter of 2024. To further reduce energy consumption, the airport has replaced conventional light bulbs with LED lighting, including the runway lighting system, and upgraded the heating, ventilation, and air-conditioning (“HVAC”) systems to more energy-efficient alternatives.

Our headquarters has incorporated solar-powered lighting as part of our sustainability initiatives. In our Shipyard Division, diesel engine-driven compressors at MME have been replaced with electric motor-driven alternatives.

Waste and Pollution Management

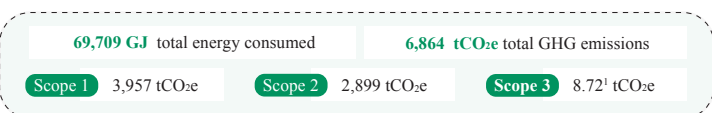
Efficient waste management is integral for Muhibbah, particularly within our diverse marine and engineering construction projects. With waste management procedures in place, we implement targeted recycling and waste reduction measures, such as managing construction debris and marine waste in support of sustainable practices in line with industry standards.

Erosion and Sediment Control

We have established the Erosion and Sedimentation Control Procedure, in alignment with the Environmental Quality Act 1974, to effectively manage erosion, sedimentation and surface water runoff. The procedure is designed to minimise environmental risks, particularly in earthworks-intensive projects. To ensure compliance with DOE standards, monthly monitoring is conducted, allowing for continuous assessment and proactive management of potential environmental impacts.

Water Management

Efficient water resource management minimises environmental impact across Muhibbah’s engineering projects. We conduct Environmental Aspect and Impact Evaluation (“EAIE”) to identify life cycle stages with significant water usage or wastage. Based on these findings, targeted initiatives such as awareness campaigns are implemented, including the monthly distribution of HSE SMART Awareness e-Posters, to promote responsible water management. Training programmes further support these efforts, ensuring continuous improvement in water conservation practices through structured monitoring.



Note: ¹Commenced disclosures for Scope 3 GHG emissions in October 2024

WASTE MANAGEMENT INITIATIVES

- Implemented Operational Control Plan in accordance with the Environmental Quality (Scheduled Waste) Regulations 2005, across all project sites and subsidiaries
- Appointed licensed contractors to manage all scheduled waste to ensure compliance with regulations set by the Department of Environment (“DOE”)
- Conducted HSE Awareness Campaign at project sites and HQ to promote responsible waste handling
- Conducted trainings on scheduled waste management, risk assessment, minimisation and optimisation strategies
- Appointed Certified Environmental Professional in Scheduled Waste Management (“CePSWam”) personnel to oversee sustainable waste management, ensuring the effective implementation of waste reduction initiatives
- Assigned Environmental Officers at project sites and HQ to ensure proper oversight of waste management



Biodiversity

Muhibbah recognises the importance of biodiversity conservation and integrates it into our environmental management practices. Our land reclamation activities strictly adhere to the Environmental Impact Assessment (“EIA”) and Environmental Monitoring Plan (“EMP”) requirements to ensure responsible development. Biodiversity-related data have also been recorded as an Environmental Key Performance Indicator (“EKPI”).

Biodiversity impacts from our operations are evaluated through EAIE. At our KMH (“Kuantan Maritime Hub”) project, construction activities have the potential to affect marine ecosystems, particularly through disturbances to local habitats. To address this, we have implemented an artificial reef project to enhance marine biodiversity, providing an alternative breeding ground for fish and other aquatic life. Further mitigation measures are guided by the findings of the EIA report, ensuring compliance with environmental regulations and supporting conservation efforts.

SOCIAL RESPONSIBILITY



Muhibbah is committed to social responsibility and fosters occupational health and safety initiatives in our operations. In promoting inclusivity and supporting social well-being, the Group cultivates a conducive environment which nurtures our employees to thrive while contributing to the communities where we serve.

Occupational Health and Safety

Ensuring a safe and healthy work environment is integral for reducing workplace accidents and injuries in the sectors that Muhibbah operates in. Employing OHS protocols, regular safety trainings, and strict adherence to industry standards, Muhibbah promotes work safety across all our work sites.

We are guided by a detailed Safety and Health Policy that is implemented across the Group.

SAFETY AND HEALTH POLICY STATEMENT

- Prioritises safety and health across all business operations, ensuring sufficient resource allocation and alignment with business functions
- Assigns clear responsibility for safety and health to all employees
- Mandates compliance with the Occupational Safety and Health (Amendment) Act 2022
- Implements proactive risk identification and accident prevention measures
- Communicates safety policies and procedures effectively to employees and subcontractors
- Enhances safety performance through regular audits and evaluations

The Board maintains oversight of health and safety risks, reinforcing their focus through the Group’s Safety and Health Policy. As part of this effort, a quarterly HSE performance report is submitted for review during Board meetings, ensuring continuous monitoring and improvement of safety practices.

Our Occupational Health and Safety Management System is ISO 45001:2018 certified and fully complies with the Occupational Safety and Health (Amendment) Act (“OSHA”) 2022. In line with this, all employees are covered under the management system, with safety measures tailored to their specific workplace environments, whether at headquarters, subsidiaries, or project sites. To ensure a work environment that is free from the risks associated with substance misuse, we have classified smoking in restricted areas and being under the influence of alcohol or drugs on duty as misconduct under our Code of Ethics, Business Practice and Conduct Policies and Procedures.

SAFETY AND HEALTH INITIATIVES

- Established Safety, Health, and Environment Committees (“SHECs”) at each subsidiary and project site to manage site-specific risks
- Conducted Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) assessments and utilised Hazard and Effect Registers (“HER”) and Job Safety Analyses (“JSA”) to manage risks
- Conducted Noise Risk Assessment (“NRA”) and the Permit to Work System during weekly Mass Toolbox meetings
- Organised quarterly Safety, Health & Environmental Committee meetings at the headquarters



Sustainability Statement (*cont'd*)

This reporting year, the Group launched the Improvement Management Programme 2024 as well as the Audit and Inspection Programme 2024 to assess and manage safety risks. We also participated in external safety recognition efforts, such as the Safety and Health Assessment System in Construction (“SHASSIC”) assessment for the Penang Development Corporation project and emergency response drills with BOMBA for the Gansar and Universiti Teknologi Petronas projects.

ZERO NON-COMPLIANCE
WITH HEALTH AND
SAFETY STANDARDS

Labour Practices and Standards

Muhibbah fosters a positive work environment built on a foundation of employee welfare, where fair practices and workplace safety are prioritised. As we implement rigorous safety protocols, equitable policies, and well-being initiatives, we cultivate a supportive culture that enhances productivity while strengthening the Group’s long-term growth.

The Group has established clear processes for handling human rights complaints through multiple channels, including online forms, email, anonymous hotlines, and in-person reporting. Our Human Resources and Legal departments oversee investigations to ensure fairness, accountability, and regulatory compliance. Findings are then addressed at the senior management level, with corrective actions taken as needed. Supporting this effort, our recruitment process includes age verification, identity checks, and background checks to ensure compliance with legal standards and to prevent forced or child labour. Beyond this, we also have a Whistleblower Policy in place as part of the Group’s grievance mechanism for human rights violations.

The Group also prioritises the effective management of foreign labour through initiatives that promote the fair treatment, safety, and rights of workers. Foreign workers are provided with various facilities and support services to ensure their wellbeing and help them to adapt to their new environment. Regular inspections and audits are conducted to ensure the proper management of foreign labour and adherence to our standards.

ZERO SUBSTANTIATED
COMPLAINTS
CONCERNING
HUMAN RIGHTS
VIOLATIONS

WORKERS'
QUARTERS

TRANSPORTATION
SERVICES

RECREATIONAL
AREAS

LANGUAGE
ASSISTANCE

HEALTHCARE

SOCIAL
INTEGRATION
PROGRAMMES

To promote a safe and respectful workplace, we have established Sexual Harassment Policies under our Code of Conduct, with sexual harassment prevention posters being displayed in visible locations across the workplace raise awareness among our employees.

Diversity and Talent Management

Diversity and inclusiveness drive innovation and create a balanced workplace at Muhibbah. As a member of the Malaysian Employers Federation (“MEF”), Muhibbah upholds industry best practices in fostering a professional and inclusive working environment for all employees.

Muhibbah prioritises employee engagement through continuous learning, cultivating a positive work culture, and advancing diversity, equity, and inclusion (“DEI”) practices. Our initiatives to enhance workforce diversity and reduce discrimination include training on diversity and inclusion, mentorship programmes, equitable hiring practices, and the development of policies that hold leadership accountable for diversity goals.

The Group attracts and retains talent by offering competitive salaries, flexible working arrangements, and comprehensive benefits, including extensive insurance coverage, such as hospitalisation and surgical benefits. Additionally, we foster a sense of ownership and long-term commitment by providing employees with the opportunity to participate in the ESOS. The Group also offers comprehensive training and development programmes designed to enhance skills and career progression.

RM201,305 invested in employee training and
development programmes



Community Engagement and Contribution

Muhibbah builds strong relationships with local communities through active involvement in CSR initiatives. All organisations considered for donations undergo a rigorous review and approval process to ensure they deliver meaningful and lasting benefits to the community while aligning with the Group's values.

RM296,860 invested in the community

Throughout the reporting year, we have organised various CSR initiatives, such as the ones outlined below.

- Donation of groceries to senior citizens and single parents
- Donation to Jabatan Perikanan Malaysia for the installation of artificial reefs
- Donation to Kampung Selamat in conjunction with Aidiladha
- Sponsorship for the Selangor Silver Jubilee Celebration
- Donation of used zinc roof to Kampung Selamat
- Provision of storm disaster aid to Kampung Selamat

As part of our community engagement efforts, the Group organised a Creation & Industry Awareness site visit which provided students and lecturers from MILA University with first-hand insights into industry practices and innovation.

BUILDING RESILIENCE FOR A SUSTAINABLE FUTURE

As we advance on our ESG journey, we are integrating energy-efficient technologies to enhance operational agility and resource efficiency. Through strategic stakeholder engagement, continuous workforce development, and impactful community initiatives, we create shared value while upholding the highest governance standards. By embedding sustainability into decision-making and proactively managing emerging risks, we continue to shape a future-ready organisation built on resilience and responsible growth.



Bursa ESG Performance Data Table

INDICATOR	UNIT	FY2023	FY2024
Economic			
Supply Chain Management			
Bursa C7(a) Proportion of spending on local suppliers	%	91*	93
Governance			
Corporate Governance, Risk Management And Anti-Corruption			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
• Management	%	6*	11
• Executive	%	7*	1
• Non-Executive/Technical Staff	%	2*	1
Bursa C1(b) Percentage Of Operations Assessed For Corruption Related Risks	%	0	0
Bursa C1(c) Confirmed Incidents Of Corruption And Actions Taken	Number	0	0
Data Privacy And Security			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0
Environment			
Energy, Emissions And Climate Resilience			
Bursa C4(a) Total energy consumption	MWh	24,768.87*	19,363.48
Bursa C11(a) Scope 1 Emissions in tonnes Of CO ₂ e	tCO ₂ e	5,524.41	3,956.73
Bursa C11(b) Scope 2 Emissions in tonnes Of CO ₂ e	tCO ₂ e	2,241.25	2,898.76
Bursa C11(c) Scope 3 Emissions in tonnes Of CO ₂ e (business travel and employee commuting)	tCO ₂ e	-	8.72
Water Management			
Bursa C9(a) Total volume of water used	ML	93.28*	121.12
Waste And Pollution Management			
Bursa C10(a) Total waste generated	Metric tonnes	27.70	35.92
Bursa C10(a) Total waste diverted from disposal	Metric tonnes	7.98	8.08
Bursa C10(a) Total waste directed to disposal	Metric tonnes	19.72	27.85
Social			
Occupational Health And Safety			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR") – per 200,000 hours of work	Rate	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	251	284
Labour Practices And Standards			
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0
Diversity And Talent Management			
Bursa C6(a) Total hours of training by employee category			
• Management	Hours	504*	847
• Executive	Hours	994*	1,666
• Non-executive/technical staff	Hours	829*	1,127
Bursa C6(c) Total number of employee turnover by employee category			
• Male	Number	33	76
• Female	Number	22	27
• Management	Number	4	7
• Executive	Number	29	44
• Non-executive/technical staff	Number	22	52
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Gender group by employee category			
• Management (Men)	%	77*	76
• Management (Women)	%	23*	24
• Executive (Men)	%	63*	62
• Executive (Women)	%	37*	38
• Non-executive/technical staff (Men)	%	71*	70
• Non-executive/technical staff (Women)	%	29*	30
Age group by employee category			
• Management (<30)	%	0	1
• Management (30-50)	%	53*	54
• Management (>50)	%	47*	45
• Executive (<30)	%	29*	33
• Executive (30-50)	%	65*	61
• Executive (>50)	%	6*	6
• Non-executive/technical staff (<30)	%	15*	12
• Non-executive/technical staff (30-50)	%	53*	53
• Non-executive/technical staff (>50)	%	32*	35
Bursa C3(b) Percentage of directors by gender and age			
Men	%	75	75
Women	%	25	25
30-50 years	%	12	0
>50 years	%	88	100
Bursa C6(b) Percentage of employees that are contractors or temporary staff			
• Permanent	%	53*	63
• Contract	%	47*	37
Community Engagement And Contribution			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	22,000.00	296,860.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4 organisation/ community	3 organisation/ community

** Data in FY2023 has been restated.

Financial Statements

Director's Report	52
Statement of Financial Position	58
Statements of Profit or Loss and Other Comprehensive Income	60
Consolidated Statement of Changes in Equity	62
Statement of Changes in Equity	64
Statements of Cash Flows	66
Notes to the Financial Statements	69
Statement of Directors	146
Statutory Declaration	146
Independent Auditors' Report	147



Directors' Report for the Financial Year ended 31 December 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

Principal activities

The Company is principally engaged in the provision of oil and gas, marine, infrastructure, civil and structural engineering contract works. The subsidiaries are involved in design, manufacture, commission, repair, maintenance and customisation of cranes, offshore supply vessels and anchor handling tugboats for oil and gas industry. The associates are mainly involved in international airport concessions in Cambodia and road maintenance concessions in Malaysia. The main business segments of the Group are stated in Note 27 to the financial statements. The principal activities of the subsidiaries are stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Owners of the Company	79,996	35,275
Non-controlling interests	63,428	-
Profit for the financial year	143,424	35,275

Reserves and provisions

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

Dividends

The first and final ordinary tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2024 is 3.00 sen per ordinary share totaling RM21,868,795 and is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report and at the date of this report are:

Dato' Mohamad Kamarudin bin Hassan
Mac Ngan Boon @ Mac Yin Boon
Mac Chung Jin
Lee Poh Kwee
Sobri bin Abu
Mazlan bin Abdul Hamid
Dato' Sri Khazali bin Haji Ahmad
Dato' Khodijah binti Abdullah

The names of Directors of the Company's subsidiaries are set out in the respective subsidiaries financial statements, and the said information is deemed incorporated herein by such reference and made a part hereof.



Directors' interests

The direct and indirect interests in the shares and employees' share options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Muhibbah Engineering (M) Bhd:-				
Mac Ngan Boon @ Mac Yin Boon				
- Direct	123,638,124	-	-	123,638,124
- Indirect	29,943,750	-	-	29,943,750
Mac Chung Jin				
- Direct	9,990,000	-	-	9,990,000
- Indirect	75,000	-	-	75,000
Lee Poh Kwee				
- Direct	10,212,308	-	-	10,212,308
- Indirect	975,000	-	-	975,000
Mazlan bin Abdul Hamid	500,000	-	-	500,000
Favelle Favco Berhad (a subsidiary):-				
Mac Ngan Boon @ Mac Yin Boon				
- Direct	10,842,913	-	-	10,842,913
- Indirect	4,903,800	262,000	-	5,165,800
Mac Chung Jin	677,000	-	-	677,000
Lee Poh Kwee	2,915,000	-	-	2,915,000
Mazlan bin Abdul Hamid	2,499,600	217,000	(50,000)	2,666,600



Directors' Report for the Financial Year ended 31 December 2024 (*cont'd*)

Directors' interests (*cont'd*)

The options granted to eligible Directors over unissued ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) pursuant to the Employees' Share Issuance Scheme ("SIS") are set out below:

	Number of options over ordinary shares			
	At 1.1.2024	Granted	Exercised	At 31.12.2024
Muhibbah Engineering (M) Bhd:-				
Mac Ngan Boon @ Mac Yin Boon	7,000,000	-	-	7,000,000
Mac Chung Jin	5,000,000	-	-	5,000,000
Lee Poh Kwee	5,000,000	-	-	5,000,000
Favelle Favco Berhad (a subsidiary):-				
Mac Ngan Boon @ Mac Yin Boon				
- Direct	1,600,000	-	-	1,600,000
- Indirect	1,750,000	-	(262,000)	1,488,000
Lee Poh Kwee	1,450,000	-	-	1,450,000
Mazlan bin Abdul Hamid	1,450,000	-	(217,000)	1,233,000

Other than the abovementioned Directors, none of the other Directors holding office at 31 December 2024 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full time employee of the Company or related corporations) 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 31 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 options granted to certain Directors pursuant to the SIS of the Company.



Directors' remuneration

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Directors' fee	856	384
Directors' salaries and other remuneration	3,715	2,781
Defined contribution plan	351	221
Benefits-In-Kind	6	6
	4,928	3,392

Issue of shares and debentures

During the financial year,

- The Company increased its issued and paid-up share capital from RM426,770,000 to RM428,320,000 by way of an issuance of 3,181,000 new ordinary shares from the exercise of options under the Company's SIS at the exercise prices as disclosed in Note 13 to the financial statements which amounted to RM1,214,000; and
- there was no issuance of debenture by the Company.

Treasury shares

The treasury shares are disclosed in Note 14 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the SIS.

The Company operates a SIS that was established and approved by the shareholders of the Company at an Extraordinary General Meeting held on 22 June 2022. The main features of the new SIS, details of share options offered and exercised during the financial year are disclosed in Note 25. The SIS expires on 26 July 2027.

Other statutory information

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

- proper action had been taken in relation to the writing off of bad debts and making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts have been written off and adequate allowance had been made for impairment losses on receivables, and
- any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.



Directors' Report for the Financial Year ended 31 December 2024 (*cont'd*)

Other statutory information (*cont'd*)

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

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

The contingent liabilities are disclosed in Note 30 to the financial statements. At the date of this report, there does not exist:

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

No contingent liability or other liability of 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 as and when they fall due.

In the opinion of the Directors, the financial statements and the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any other item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsidiaries

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

Indemnity and insurance cost

During the financial year, there is no indemnity given to or professional indemnity insurance effected for Directors, officers or auditors of the Group and of the Company.

Significant events occurring after the financial year

The significant events occurring after the financial year are disclosed in Note 33 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	1,717	232
Non-audit fees	40	20
	1,757	252

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

.....
Mac Ngan Boon @ Mac Yin Boon

.....
Mac Chung Jin

Klang, Selangor Darul Ehsan

Date: 15 April 2025



Statement of Financial Position

as at 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets					
Property, plant and equipment	3	1,070,855	1,113,184	147,227	126,813
Investment properties	4	79	85	9,425	9,665
Investment in subsidiaries	5	-	-	263,569	263,169
Investment in associates	6	832,010	807,475	33,366	33,366
Receivables, deposits and prepayments	7	1,440	6,885	-	-
Deferred tax assets	8	33,428	32,786	4,033	4,033
Others non-current assets	9	123,822	117,055	230	130
Total non-current assets		2,061,634	2,077,470	457,850	437,176
Receivable, deposits and prepayments	7	417,085	404,607	702,064	914,023
Contract assets	10	294,525	244,420	159,316	115,401
Inventories	11	250,772	333,473	288	386
Derivative assets	19	21	766	21	267
Current tax assets		9,575	9,628	371	601
Cash and cash equivalents	12	571,195	394,188	274,875	84,537
Total current assets		1,543,173	1,387,082	1,136,935	1,115,215
Total assets		3,604,807	3,464,552	1,594,785	1,552,391



	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Equity					
Share capital	13	428,320	426,770	428,320	426,770
Reserves	14	926,880	863,761	251,647	215,718
Total equity attributable to:					
Owners of the Company		1,355,200	1,290,531	679,967	642,488
Non-controlling interests		557,104	516,365	-	-
Total equity		1,912,304	1,806,896	679,967	642,488
Liabilities					
Loan and borrowings	15	173,975	103,759	167,875	96,250
Payables and accruals	16	-	36,839	-	-
Hire purchase and lease liabilities	17	15,076	18,853	-	-
Deferred tax liabilities	8	110,074	112,348	-	-
Total non-current liabilities		299,125	271,799	167,875	96,250
Loan and borrowings	15	250,288	353,495	178,875	281,765
Payables and accruals	16	386,329	459,962	153,646	209,366
Hire purchase and lease liabilities	17	8,162	9,657	-	-
Contract liabilities	10	361,645	232,183	101,359	43,301
Bills payable	18	369,955	317,976	313,063	279,221
Derivative liabilities	19	1,143	-	-	-
Current tax liabilities		15,856	12,584	-	-
Total current liabilities		1,393,378	1,385,857	746,943	813,653
Total liabilities		1,692,503	1,657,656	914,818	909,903
Total equity and liabilities		3,604,807	3,464,552	1,594,785	1,552,391

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



Statement of Profit or Loss and

Other Comprehensive Income for the Financial Year ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	20	1,939,774	1,255,216	887,679	351,873
Cost of sales		(1,670,838)	(996,202)	(839,711)	(331,472)
Gross profit		268,936	259,014	47,968	20,401
Other income		31,720	29,244	10,922	22,052
Distribution costs		(27,140)	(24,704)	(6,680)	(6,411)
Administrative expenses		(192,483)	(179,416)	(17,227)	(15,636)
Net (loss)/reversal on impairment of financial assets and contract assets	21	(24,468)	(64,221)	10,679	11,382
Results from operating activities		56,565	19,917	45,662	31,788
Interest income		18,068	11,260	51,545	62,505
Finance costs		(24,624)	(27,467)	(60,142)	(83,199)
Operating profit	21	50,009	3,710	37,065	11,094
Shares of profit/(loss) of associates, net of tax		123,298	62,865	-	-
Profit before tax		173,307	66,575	37,065	11,094
Income tax expense	23	(29,883)	(30,168)	(1,790)	(3,191)
Profit for the financial year		143,424	36,407	35,275	7,903
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		79,996	(7,982)	35,275	7,903
Non-controlling interests		63,428	44,389	-	-
Profit for the financial year		143,424	36,407	35,275	7,903

Earnings/(Loss) per ordinary share (sen)

Basic	24	11.00	(1.10)
Diluted	24	10.55	(1.05)



Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the financial year	143,424	36,407	35,275	7,903
Other comprehensive income/(expense) for the financial year, net of tax				
Item that would not be reclassified subsequently to profit or loss				
Movement in revaluation of property, plant and equipment, net of tax	(9)	634	-	2,569
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(28,975)	37,053	-	-
Other comprehensive income/(expense) for the financial year, net of tax	(28,984)	37,687	-	2,569
Total comprehensive income/(expense) for the financial year	114,440	74,094	35,275	10,472
Total comprehensive income/(expense) for the financial year attributable to:				
Owners of the Company	64,468	16,477	35,275	10,472
Non-controlling interests	49,972	57,617	-	-
Total comprehensive income/(expense) for the financial year	114,440	74,094	35,275	10,472

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



Consolidated Statement of Changes in Equity

for the Financial Year ended 31 December 2024

	Attributable to owners of the Company				Distributable			
	Non-distributable		Share options		Retained earnings		Non-controlling interests	
	Share capital	Treasury shares	Revaluation reserve	Capital reserve	Translation reserve		Total	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 January 2023	426,474	(5,561)	340,016	5,237	(1,996)	97,293	397,868	1,259,331
Other comprehensive income:								
Foreign currency translation differences for foreign operations	-	-	-	-	-	23,825	-	23,825
Movement in revaluation of property, plant and equipment, net of tax (Loss)/Profit for the financial year	-	-	(1,935)	-	-	-	2,569	634
	-	-	-	-	-	-	(7,982)	44,389
Total comprehensive income/(expense)	-	-	(1,935)	-	-	23,825	(5,413)	16,477
Share based payment	-	-	-	-	-	-	-	-
Share option exercised	232	-	-	-	-	-	-	232
Transfer to share capital for share options exercised	64	-	-	-	(64)	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(14,694)
Dilution of interest in subsidiary	-	-	4,717	-	77	461	5,931	11,186
Issuance of shares to non-controlling interests	-	-	(14)	-	-	(2)	(280)	(296)
Deconsolidation of a subsidiary	-	-	-	-	-	-	-	380
	-	-	-	-	-	-	(461)	(461)
Total transaction with owners	296	-	4,703	-	3,614	459	5,651	(41,663)
At 31 December 2023	426,770	(5,561)	342,784	5,237	1,618	121,577	398,106	1,290,531
							516,365	1,806,896

← Note 14 →



	Attributable to owners of the Company				Distributable			
	Non-distributable							
Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Share options RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group								
At 1 January 2024	426,770	(5,561)	342,784	5,237	1,618	121,577	398,106	1,290,531
								516,365
								1,806,896
Other comprehensive income:								
Foreign currency translation differences for foreign operations	-	-	-	-	-	(15,519)	-	(13,456)
Movement in revaluation of property, plant and equipment, net of tax (Loss)/Profit for the financial year	-	-	(9)	-	-	-	-	(9)
	-	-	-	-	-	-	79,996	63,428
	-	-	-	-	-	-	-	143,424
Total comprehensive income/(expense)	-	-	(9)	-	-	(15,519)	79,996	49,972
								114,440
Share based payment	-	-	-	-	1,575	-	-	328
Share option exercised	1,214	-	-	-	-	-	-	1,214
Transfer to share capital for share options exercised	336	-	-	-	(336)	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(15,416)
Dilution of interest in subsidiary	-	-	(545)	-	(18)	(42)	(1,983)	5,855
								3,267
Total transaction with owners	1,550	-	(545)	-	1,221	(42)	(1,983)	201
								(9,032)
At 31 December 2024	428,320	(5,561)	342,230	5,237	2,839	106,016	476,119	1,355,200
								557,104
								1,912,304

← Note 14 →

The accompanying accounting policies and explanatory information form as integral part of the financial statements.



Statement of Changes in Equity

for the Financial Year ended 31 December 2024

		/		Non-distributable		/		Distributable	
Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Share options reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000		
Company									
At 1 January 2023	426,474	(5,561)	67,281	459	922	142,483	632,058		
Movement in revaluation of property, plant and equipment, net of tax Profit for the financial year	-	-	(1,929)	-	-	2,569	640		
	-	-	-	-	-	7,903	7,903		
Total comprehensive income/(expense)	-	-	(1,929)	-	-	10,472	8,543		
Share based payment	-	-	-	1,655	-	-	1,655		
Share option exercised	232	-	-	-	-	-	232		
Transfer to share capital for share options exercised	64	-	-	(64)	-	-	-		
Total transaction with owners	296	-	-	1,591	-	-	1,887		
At 31 December 2023	426,770	(5,561)	65,352	2,050	922	152,955	642,488		
								← Note 14 →	



		/ ————— Non-distributable ————— /		Distributable			
Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Share options reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000
Company							
At 1 January 2024							
	426,770	(5,561)	65,352	2,050	922	152,955	642,488
Movement in revaluation of property, plant and equipment, net of tax							
Profit for the financial year							
	-	-	-	-	-	-	-
	-	-	-	-	-	35,275	35,275
Total comprehensive income/(expense)							
	-	-	-	-	-	35,275	35,275
Share based payment							
25	-	-	-	990	-	-	990
Share option exercised							
13	1,214	-	-	-	-	-	1,214
Transfer to share capital for share options exercised							
13	336	-	-	(336)	-	-	-
Total transaction with owners							
	1,550	-	-	654	-	-	2,204
At 31 December 2024							
	428,320	(5,561)	65,352	2,704	922	188,230	679,967
		← ————— Note 14 ————— →					

The accompanying accounting policies and explanatory information form as integral part of the financial statements.



Statements of Cash Flows

for the Financial Year ended 31 December 2024

Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from/(for)				
operating activities				
Profit before tax	173,307	66,575	37,065	11,094
Adjustments for:				
Allowance for diminution in value of investment	10	8	-	-
Allowance for slow moving inventories	2,344	2,584	-	-
Amortisation/depreciation of:				
- Development costs and intellectual property	20	25	-	-
- Right-of-use assets	6,502	7,469	-	-
- Investment properties	6	5	240	241
- Property, plant and equipment	64,527	68,085	6,410	6,523
- Investment in associates	605	605	-	-
Bad debts written off	2,313	3,568	197	3,000
Capital loss on liquidation of subsidiary	-	270	-	1,121
Dividend income	(638)	(535)	(27,228)	(20,506)
Development cost written off	313	-	-	-
Finance costs	34,278	36,617	60,835	83,663
(Gain)/Loss on disposal of property, plant and equipment	(15,953)	(406)	(312)	(8,809)
Gain on disposal of investment property	-	-	-	(94)
Gain on disposal of assets held for sale	-	(4,964)	-	(4,964)
Interest income	(18,068)	(11,260)	(51,545)	(62,505)
Inventories written (back)/off	2,118	(3,707)	-	-
Investment in a subsidiary written off	-	-	-	14,510
Net fair value loss/(gain) on derivative instruments	1,888	335	246	408
Net fair value gain on the investment	(1,890)	(2,955)	-	-
Net unrealised (gain)/loss on foreign exchange	14,916	(15,014)	7,351	(1,890)
Net impairment loss/(reversal) on:				
- Contract assets and receivables	24,468	64,221	(10,679)	(11,382)
- Investment in subsidiaries	-	-	-	(14,510)
- Investment in associates	-	1,710	-	1,710
- Property, plant and equipment	2,678	11,324	-	-
Net provision/(reversal) for:				
- Warranties	1,514	367	-	-
- Foreseeable losses	8,145	3,922	(174)	(690)
Property, plant and equipment written off	976	244	-	241
Share-based payments	1,903	4,674	990	1,655
Share of (profit)/loss of associates	(123,298)	(62,865)	-	-
Waiver of debts	-	(5)	-	(6,985)
Operating profit/(loss) before changes in working capital	182,984	170,897	23,396	(8,169)



Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating profit/(loss) before change in working capital (continued)	182,984	170,897	23,396	(8,169)
Receivables, deposits and prepayment	(25,334)	(4,973)	216,593	(60,420)
Inventories	78,239	(36,981)	98	1,346
Payables and accruals	(111,991)	72,582	(55,720)	20,462
Contract assets and contract liabilities	63,692	31,636	13,874	13,290
Cash generated from/(used in) operation	187,590	233,161	198,241	(33,491)
Net taxes paid	(28,706)	(21,850)	(1,560)	(3,284)
Net cash generated from/(used in) operating activities	158,884	211,311	196,681	(36,775)
Cash flows (for)/from investing activities				
Addition to development expenditures	(4,140)	(2,765)	-	-
Acquisition of shares from non-controlling interest	-	(16,775)	-	(16,775)
Deferred consideration payment/ acquisition of subsidiaries	-	-	(400)	-
Investment in associates	-	(2,041)	-	(2,041)
Dividend received from:				
- subsidiaries	-	-	18,555	13,293
- associates	77,077	7,200	8,650	7,200
- third parties	638	535	23	13
Interest received	18,068	11,260	7,457	19,650
Proceeds from acquisition of marketable securities	(1,087)	-	(100)	-
Proceeds from disposal of property, plant and equipment	45,368	3,016	411	15,291
Proceeds from disposal of investment properties	-	-	-	148
Proceeds from disposal of assets held for sale	-	8,258	-	8,258
Net cash (outflow)/inflow from liquidation of subsidiary	-	(1,003)	-	1,100
Purchase of property, plant and equipment	(73,175)	(42,378)	(26,923)	(11,340)
Net cash (used in)/generated from investing activities	62,749	(34,693)	7,673	34,797



Statements of Cash Flows For the Financial Year ended 31 December 2024 (*cont'd*)

Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows (for)/from financing activities				
Dividend paid to non-controlling interests	(15,416)	(14,694)	-	-
Interest paid	(31,907)	(33,682)	(17,807)	(17,513)
Proceeds from issuance of share to non-controlling interest	3,267	84	-	-
Proceeds from exercise of share options	1,214	232	1,214	232
Net proceeds/(repayment) of loans and borrowings	5,579	(23,858)	2,592	(3,068)
Net cash used in financing activities	(37,263)	(71,918)	(14,001)	(20,349)
Effects of foreign exchange translation	(12,356)	4,763	-	-
Net increase/(decrease) in cash and cash equivalents	172,014	109,463	190,353	(22,327)
Cash and cash equivalents at beginning of the financial year	394,173	284,710	84,522	106,849
Cash and cash equivalents at end of the financial year	<i>i</i> 566,187	394,173	274,875	84,522

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following

Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits placed with licensed banks	12.1 123,742	62,622	-	-
Short-term funds	12.1 238,834	71,474	199,459	38,089
Cash and bank balances	12.1 208,619	260,092	75,416	46,448
	571,195	394,188	274,875	84,537
Bank overdrafts	15 (5,008)	(15)	-	(15)
Cash and cash equivalents	566,187	394,173	274,875	84,522

The accompanying accounting policies and explanatory information form as integral part of the financial statements.



Notes to the Financial Statements

Muhibbah Engineering (M) Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is Lot 579 and 586, 2nd Mile, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates and jointly controlled operations. The financial statements of the Company as at and for the financial year ended 31 December 2024 do not include other entities.

The Company is principally engaged in the provision of oil and gas, marine, infrastructure, civil and structural engineering contract works. The subsidiaries are involved in design, manufacture, commission, repair, maintenance and customisation of cranes, offshore supply vessels and anchor handling tugboats for oil and gas industry. The associates are mainly involved in international airport concessions in Cambodia and road maintenance concessions in Malaysia. The main business segments of the Group are stated in Note 27 to the financial statements. The principal activities of its subsidiaries are as stated in Note 5. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 15 April 2025.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Group and the Company have adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.

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 MFRS7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application.



Notes to the Financial Statements (*cont'd*)

1. Basis of preparation (*cont'd*)

(b) Basis of measurement

The financial statements have been prepared on historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. Material accounting policy information

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Critical accounting estimates and judgements

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

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

There are no significant areas of estimation of uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements other than the estimation and judgment exercised by the Group as disclosed below:

(i) *Recognition of revenue and profit from construction contracts*

- Recognition of construction revenue by reference to the construction progress using the input method, determined based on proportion of construction costs incurred for work performed to date over the estimated total construction costs. Estimated total construction costs are based on approved budgets, which are subject to management's periodic review from time to time until completion. In making judgement, management relies on past experience to estimate and provide for variable consideration, using expected value or most likely amount.

(ii) *Impairment of receivables*

For trade receivables and contract assets, the Group:

- uses the simplified approach to estimate a lifetime expected credit loss allowance; and
- shall adjust (where necessary) for qualitative and quantitative reasonable and supportable forward-looking information.

For non-trade financial assets, the loss allowances are estimated based on the assumptions on risk of default and expected loss rates.

(iii) *Impairment of Property and Equipment, Investment Properties, Investments in Associates and Right-of-use Assets*

- Evaluation for impairment is subject to changes such as market performance, economic and political situation of the country.

(iv) *Impairment of Goodwill*

- Estimation of the value in use and the expected cash flows.



2. Material accounting policy information (cont'd)

(a) Critical accounting estimates and judgements (cont'd)

(v) *Depreciation of Property and Equipment*

- Estimation of the residual values, useful lives and related depreciation charges.

(vi) *Income Taxes*

- Estimation of the tax liabilities based on the Group's understanding of the prevailing tax laws.

(vii) *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 or with necessary adjustment where applicable for a similar value to the right-of-use asset.

(viii) *Lease Terms*

- Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period.

(ix) *Contingent liabilities*

- The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after taken into accounts various reasonable relevant factors including experts opinion, if any, where applicable.

(b) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.



Notes to the Financial Statements (*cont'd*)

2. Material accounting policy information (*cont'd*)

(b) Basis of consolidation (*cont'd*)

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- (a) the fair value of the consideration transferred; plus
- (b) the recognised amount of any non-controlling interests in the acquiree; plus
- (c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (d) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) *Acquisitions of non-controlling interests*

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of the influence retained.

(v) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.



2. Material accounting policy information (cont'd)

(b) Basis of consolidation

(v) *Associates (cont'd)*

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) *Joint arrangements*

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- (a) A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- (b) A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) *Affiliated company*

An affiliated company to the Group is a company in which the ultimate holding company holds a long term investment of between 20% to 50% of the equity.

(viii) *Non-controlling interests*

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.



Notes to the Financial Statements (*cont'd*)

2. Material accounting policy information (*cont'd*)

(b) Basis of consolidation (*cont'd*)

(ix) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Financial instruments

(i) *Recognition and initial measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) *Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.



2. Material accounting policy information (cont'd)

(c) Financial instruments (cont'd)

(ii) *Financial instrument categories and subsequent measurement (cont'd)*

Financial assets (cont'd)

(b) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(c) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Financial liability

The category of financial liability at initial recognition is as follows:

(a) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

The Group and the Company adopted the policy to revalue their freehold land and leasehold land every 5 years or at shorter intervals whenever the fair values of the freehold land and leasehold land are expected to differ materially from their carrying values.



Notes to the Financial Statements (*cont'd*)

2. Material accounting policy information (*cont'd*)

(d) Property, plant and equipment (*cont'd*)

(i) *Recognition and measurement (cont'd)*

Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

Dry-docking costs are recognised in the carrying amount of ships, rigs, etc. when incurred and depreciated over the period until the next dry-docking.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives are as follows:

Drydock and slipway	45	years
Cranes	10 - 15	years
Plant and equipment	3 - 20	years
Motor vehicles	5	years



2. Material accounting policy information (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period.

(e) Right-of-use and lease liabilities

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. 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 representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(f) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or have right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.



Notes to the Financial Statements (*cont'd*)

2. Material accounting policy information (*cont'd*)

(f) Investment properties (*cont'd*)

Investment properties carried at cost (cont'd)

Investment properties which are owned are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d). Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) Other non-current assets

(i) *Intangible asset*

(a) *Goodwill*

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful lives are not amortised but are tested for impairment at the end of each reporting period and whenever there is an indication that goodwill may be impaired.

(b) *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(c) *Intellectual property*

Intellectual property consists of rights to trade name, knowhow and industrial property rights and is stated at cost less any accumulated amortisation and any impairment losses.



2. Material accounting policy information (cont'd)

(g) Other non-current assets (cont'd)

(i) Intangible asset (cont'd)

(d) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(e) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets of 5 to 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(ii) Land held for property development

Development costs consist of land and development costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less and accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Non-current property development costs are transferred to the current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress, manufactured inventories and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of crane components comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. Cost of work-in-progress and assembled cranes consists of crane components, direct labour and an appropriate proportion of fixed and variable production overheads. Crane components are determined on a first-in, first-out basis. Cost of work-in-progress and assembled cranes is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



Notes to the Financial Statements (*cont'd*)

3. Property, plant and equipment

	Land RM'000	Buildings RM'000	Drydock and slipway RM'000	Cranes RM'000	Plant equipment and motor vehicles RM'000	Capital work-in- progress RM'000	Subtotal RM'000	Right-of- use assets RM'000	Total RM'000
Group									
Cost/Valuation									
At 1 January 2023	556,876	256,403	45,368	376,637	654,958	6,829	1,897,071	95,326	1,992,397
Additions	949	1,713	-	10,741	24,378	4,597	42,378	4,848	47,226
Disposals	-	(120)	-	(1,655)	(12,975)	-	(14,750)	-	(14,750)
Written off	-	-	-	-	(1,532)	-	(1,532)	-	(1,532)
Reclassification from inventories	4,481	-	-	-	-	-	4,481	-	4,481
Transfers	-	2,480	-	989	301	(3,473)	297	(691)	(394)
Exchange differences	3,295	1,829	-	15,284	10,384	-	30,792	5,367	36,159
At 31 December 2023/ 1 January 2024	565,601	262,305	45,368	401,996	675,514	7,953	1,958,737	104,850	2,063,587
Additions	5,400	14,016	(205)	25,288	31,600	235	76,334	3,038	79,372
Disposals	-	-	-	(15,963)	(57,889)	-	(73,852)	-	(73,852)
Written off	-	(628)	-	-	(16,752)	-	(17,380)	-	(17,380)
Transfers	-	1,567	1,386	948	1,525	(5,169)	257	(1)	256
Exchange differences	(2,375)	(1,976)	-	(18,473)	(6,747)	-	(29,571)	(6,402)	(35,973)
At 31 December 2024	568,626	275,284	46,549	393,796	627,251	3,019	1,914,525	101,485	2,016,010



3. Property, plant and equipment (cont'd)

	Land RM'000	Buildings RM'000	Drydock and slipway RM'000	Cranes RM'000	Plant equipment and motor vehicles RM'000	Capital work-in- progress RM'000	Subtotal RM'000	Right-of- use assets RM'000	Total RM'000
Accumulated depreciation and impairment losses									
At 1 January 2023	30,187	102,443	24,280	136,736	532,251	-	825,897	33,321	859,218
Depreciation for the year	3,560	6,018	1,019	27,063	30,425	-	68,085	7,469	75,554
Disposals	-	(66)	-	(1,149)	(10,925)	-	(12,140)	-	(12,140)
Written off	-	-	-	-	(1,288)	-	(1,288)	-	(1,288)
Transfer	-	-	-	(380)	326	-	(54)	(340)	(394)
Provision for impairment loss	-	-	-	-	11,324	-	11,324	-	11,324
Exchange differences	-	1,484	-	5,770	9,241	-	16,495	1,634	18,129
Accumulated depreciation	33,747	94,257	25,299	167,504	501,010	-	821,817	42,084	863,901
Accumulated impairment loss	-	15,622	-	536	70,344	-	86,502	-	86,502
At 31 December 2023/ 1 January 2024	33,747	109,879	25,299	168,040	571,354	-	908,319	42,084	950,403
Depreciation for the year	4,339	6,069	1,019	25,462	27,638	-	64,527	6,502	71,029
Disposals	-	-	-	(7,532)	(36,905)	-	(44,437)	-	(44,437)
Written off	-	(628)	-	-	(15,776)	-	(16,404)	-	(16,404)
Transfer	-	-	-	256	-	-	256	(1)	255
Provision for impairment loss	-	-	-	3,000	(322)	-	2,678	-	2,678
Exchange differences	-	(1,618)	-	(8,499)	(6,108)	-	(16,225)	(2,144)	(18,369)
Accumulated depreciation	38,086	98,080	26,318	177,191	469,859	-	809,534	46,441	855,975
Accumulated impairment loss	-	15,622	-	3,536	70,022	-	89,180	-	89,180
At 31 December 2024	38,086	113,702	26,318	180,727	539,881	-	898,714	46,441	945,155
Carrying amounts									
At 1 January 2023	526,689	153,960	21,088	239,901	122,707	6,829	1,071,174	62,005	1,133,179
At 31 December 2023/ 1 January 2024	531,854	152,426	20,069	233,956	104,160	7,953	1,050,418	62,766	1,113,184
At 31 December 2024	530,540	161,582	20,231	213,069	87,370	3,019	1,015,811	55,044	1,070,855



Notes to the Financial Statements (*cont'd*)

3. Property, plant and equipment (*cont'd*)

	Land RM'000	Buildings RM'000	Cranes RM'000	Plant equipment and motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Company						
Cost/Valuation						
At 1 January 2023	107,419	10,211	7,798	106,792	891	233,111
Additions	-	1,604	-	1,489	8,247	11,340
Disposals	-	-	-	(3,897)	(5,990)	(9,887)
Written off	-	-	-	(538)	-	(538)
At 31 December 2023/ 1 January 2024	107,419	11,815	7,798	103,846	3,148	234,026
Additions	5,400	10,774	950	9,799	-	26,923
Disposals	-	-	(365)	(7,995)	-	(8,360)
Reclassification	-	367	-	-	(367)	-
At 31 December 2024	112,819	22,956	8,383	105,650	2,781	252,589
Accumulated depreciation						
At 1 January 2023	8,669	1,275	6,330	88,118	-	104,392
Depreciation for the year	1,327	222	560	4,414	-	6,523
Disposals	-	-	-	(3,405)	-	(3,405)
Written off	-	-	-	(297)	-	(297)
At 31 December 2023/ 1 January 2024	9,996	1,497	6,890	88,830	-	107,213
Depreciation for the year	1,316	330	378	4,386	-	6,410
Disposals	-	-	(359)	(7,902)	-	(8,261)
At 31 December 2024	11,312	1,827	6,909	85,314	-	105,362
Carrying amounts						
At 1 January 2023	98,750	8,936	1,468	18,674	891	128,719
At 31 December 2023/ 1 January 2024	97,423	10,318	908	15,016	3,148	126,813
At 31 December 2024	101,507	21,129	1,474	20,336	2,781	147,227



3. Property, plant and equipment (cont'd)

Security

The freehold land and buildings of certain sub-subsidiaries with net book value of RM33,000,000 (2023 - RM34,600,000) were charged as security for bank term loan facilities of these sub-subsidiaries prior to the Group acquisition of these sub-subsidiaries (Note 15).

Property, plant and equipment under the revaluation model

Had the freehold land and leasehold land been carried under the cost model, the net book value of the Group's freehold land would have been RM85,752,000 (2023 - RM87,056,000) and Group and Company's leasehold land would have been RM57,791,600 (2023 - RM58,561,000) and RM14,434,000 (2023 - RM14,631,000) respectively.

Land

Included in the carrying amounts of land are:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Freehold land	277,856	280,231	-	-
Long term leasehold land*	252,684	251,623	101,507	97,423
	530,540	531,854	101,507	97,423

* Leasehold land are in respect of right-of-use assets of which the Group has land titles.

Right-of-use assets

Included in the carrying amounts of the right-of-use assets are:

Group

	Buildings RM'000	Cranes RM'000	Total RM'000
2024			
At 1 January 2024	9,621	53,145	62,766
Additions during the year	3,038	-	3,038
Depreciation	(2,819)	(3,683)	(6,502)
Exchange differences	(58)	(4,200)	(4,258)
At 31 December 2024	9,782	45,262	55,044
2023			
At 1 January 2023	11,622	50,383	62,005
Additions during the year	710	4,138	4,848
Depreciation	(2,810)	(4,659)	(7,469)
Reclassification	-	(351)	(351)
Exchange differences	99	3,634	3,733
At 31 December 2023	9,621	53,145	62,766



Notes to the Financial Statements (*cont'd*)

4. Investment properties

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cost				
At 1 January/31 December	314	314	12,048	12,168
Disposals	-	-	-	(120)
At 31 December	314	314	12,048	12,048
Accumulated depreciation and impairment loss				
At 1 January	229	224	2,383	2,208
Depreciation for the year	6	5	240	241
Disposals	-	-	-	(66)
At 31 December	235	229	2,623	2,383
Carrying amounts				
At 31 December	79	85	9,425	9,665
Included in the above are:				
Freehold land	47	47	47	47
Building	32	38	9,378	9,618
	79	85	9,425	9,665

Investment properties of the Group comprise a number of commercial properties that are leased to third parties. Certain investment properties of the Company were leased to companies within the Group for their respective own use and accordingly classified as property, plant and equipment in the consolidated statements of financial position.



4. Investment properties (cont'd)

Market value

The market value of the investment properties presented on an aggregated basis is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Market value of investment properties - aggregated basis	1,000	1,000	105,706	100,107

The market value of the investment properties of the Group and of the Company were derived at by reference to market indication of transaction prices for similar properties within the same/adjacent location. Market indication of transaction prices are adjusted for differences in key attributes such as property size.

The Directors estimated the fair values of the Group's investment properties without involvement of independent valuers.

5. Investments in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
Ordinary shares		
Quoted shares - in Malaysia	140,905	140,905
Unquoted shares - at cost	241,108	240,708
	382,013	381,613
Less : Impairment losses	(118,444)	(118,444)
	263,569	263,169
Market value		
Quoted shares in Malaysia	256,035	268,084



Notes to the Financial Statements (*cont'd*)

5. Investments in subsidiaries (*cont'd*)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
<i>Cranes segment</i>				
Favelle Favco Berhad @ and its subsidiaries:	Investment holding	Malaysia	64.03	64.5
Favelle Favco Cranes (M) Sdn. Bhd.	Manufacturing of cranes	Malaysia	64.03	64.5
Favelle Favco Cranes Pte. Ltd.*	Trading of cranes, spare parts and services	Singapore	64.03	64.5
Favelle Favco Cranes (USA), Inc.*	Manufacturing of cranes	United States of America	64.03	64.5
Favelle Favco Cranes Pty Limited* and its subsidiaries:	Manufacturing of cranes	Australia	64.03	64.5
FF Management Pty. Limited*	Management services	Australia	64.03	64.5
Milperra Blasting and Coating Pty. Limited*	Dormant	Australia	64.03	64.5
Kroll Cranes A/S*	Manufacturing of cranes	Denmark	64.03	64.5
FES Equipment Services Sdn. Bhd.	Hiring and repair of cranes	Malaysia	64.03	64.5
Favelle Favco Winches Pte. Ltd.*	Design, fabrication, trading, service and rental of winches, hydraulic system and material handling equipment	Singapore	64.03	64.5
Shanghai Favco Engineering Machinery Manufacturing Co. Ltd. *	Manufacturing of cranes	China	51.2	51.6



5. Investments in subsidiaries (cont'd)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows: (cont'd)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
<i>Cranes segment (cont'd)</i>				
Exact Automation Sdn. Bhd.^	Providing integrated industrial automation solutions on the design, engineering, testing, project management and maintenance of plant instrumentation	Malaysia	44.8	45.2
Exact Analytical Sdn. Bhd.^	Trading, providing engineering services on the installation, commissioning and maintenance of environmental and process analysers	Malaysia	44.8	45.2
Sedia Teguh Sdn. Bhd. ^	Trading and maintenance of specialised equipment used in the oil and gas industry	Malaysia	44.8	45.2
Strata Niaga Sdn. Bhd. ^	Trading and engineering in oil & gas and power industry	Malaysia	44.8	45.2
Strata Niaga (B) Sdn. Bhd. ^	Trading and engineering in oil & gas and power industry	Brunei	23.0	23.0
<i>Marine shipbuilding and ship repair segment</i>				
Muhibbah Marine Engineering Sdn. Bhd.	Shipbuilding, renting of ship, providing ship repair services, trading of marine supplies and provision of other engineering works	Malaysia	100	100



Notes to the Financial Statements (*cont'd*)

5. Investments in subsidiaries (*cont'd*)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows: (*cont'd*)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
Infrastructure construction segment				
Juara Lagi Sdn. Bhd.#	Vessel chartering services	Malaysia	100	100
Elelink Sdn. Bhd.*# and its subsidiaries:	Investment holding	Malaysia	100	100
ITS Konsortium Sdn. Bhd. #	Investment holding	Malaysia	100	100
Muhibbah O&G Sdn. Bhd.#	Oil, gas, petrochemical engineering and related works	Malaysia	100	100
Muhibbah Engineering (Singapore) Pte. Ltd.*	Civil and structural engineering contract works	Singapore	100	100
MEB Construction Sdn. Bhd.#	Civil and structural engineering contract works	Malaysia	100	100
Muhibbah Steel Industries Sdn. Bhd.*#	Structural steel fabrication and related works	Malaysia	100	100
Muhibbah Airline Support Industries Sdn. Bhd.	Manufacturing and services for airline support equipment	Malaysia	100	100
Muhibbah Masteron Cambodia JV Limited*	Investment holding and civil and structural engineering contract works	Cambodia	70	70
Ann Bee (M) Sdn. Bhd.*	Rental of properties and related services	Malaysia	100	100
Muhibbah Maritime Hub Sdn. Bhd.*	Mixed development project for industrial, commercial and housing	Malaysia	100	100



5. Investments in subsidiaries (cont'd)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows: (cont'd)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
Infrastructure construction segment (cont'd)				
Aspect Saga Sdn. Bhd.* and its subsidiaries:	Investment holding	Malaysia	100	100
IDS Cahaya Sdn. Bhd.*#	Investment holding	Malaysia	100	100
IDS Cahaya Ltd.#	Offshore leasing business	Labuan	100	100
IDS Darussalam Sdn. Bhd.*#	Dormant	Malaysia	100	100
IDS Offshore Sdn. Bhd.*#	Dormant	Malaysia	100	100
Muhibbah Steel Kuantan Sdn. Bhd.*	Manufacturing of containers and refrigerator containers	Malaysia	100	100
Khas Jejaka Sdn. Bhd.*# and its subsidiary:	Investment holding	Malaysia	100	100
Inno Marine Services Sdn. Bhd.*#	Marine leasing activities	Malaysia	100	100
Muhibbah International Labuan Ltd.	Offshore leasing and international trade business	Labuan	100	100
Muhibbah Offshore Services Ltd.	Offshore leasing business	Labuan	95	95
Muhibbah Engineering (Cambodia) Co. Ltd.*#	Property development and trading in real estates	Cambodia	60	60
Muhibbah Prospect Sdn. Bhd.	Civil, marine and structural engineering contract works	Malaysia	100	100
Citech Energy Recovery System Malaysia Sdn. Bhd.*# and its subsidiary:	Manufacture of waste heat recovery units for the oil and gas industry	Malaysia	100	100
Citech Energy Recovery Solutions UK (Ltd)*	Trading of waste heat recovery units, spare parts and other services	United Kingdom	100	100



Notes to the Financial Statements (*cont'd*)

5. Investments in subsidiaries (*cont'd*)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows: (*cont'd*)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
Infrastructure construction segment (cont'd)				
CB International Engineering Sdn. Bhd.	Rental of investment properties and related services and provision of vessel chartering services	Malaysia	100	100
Muhibbah Construction Pty. Limited.*#	Dormant	Australia	100	100
Muhibbah Engineering Middle East LLC*#	Civil and structural engineering contract works	Qatar	90	90
Karisma Duta Sdn. Bhd.*# and its subsidiary:	Dormant	Malaysia	100	100
Karisma Project Management Inc*#	Under members' voluntary liquidation	Philippines	100	100
Muhibbah Oil & Gas Sdn. Bhd.*	Dormant	Malaysia	100	100
Muhibbah Defense Engineering Sdn. Bhd.	Dormant	Malaysia	100	100
Sun Vibrant Sdn. Bhd.* and its subsidiary:	Dormant	Malaysia	100	100
MCI Philippines Corp.*#	Under members' voluntary liquidation	Philippines	100	100
Muhibbah Marine Kuantan Sdn. Bhd.*#	Dormant	Malaysia	100	100
Muhibbah Engineering (Philippines) Corporation*#	Under members' voluntary liquidation	Philippines	100	100
Muhibbah Airport Management Sdn. Bhd.*#	Dormant	Malaysia	100	100



5. Investments in subsidiaries (cont'd)

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are as follows: (cont'd)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
Infrastructure construction segment (cont'd)				
Muhibbah Myanmar Company Ltd.*	Dormant	Myanmar	100	100
Muhibbah Engineering Laos Co., Ltd*	Dormant	Laos	70	70
Concession segment				
Muhibbah Airport Services (Labuan) Ltd.	Investment holding	Labuan	70	70

* Subsidiaries not audited by Crowe Malaysia PLT.

The auditors' reports on the audited financial statements of the subsidiaries contained an emphasis on the reliance of these subsidiaries on the continuing financial support from the Company and/or bankers in order to continue operating as going concerns.

^ These companies are considered as sub-subsidiaries although the Company does not own effective more than 50% of its equity shares because the financing and operating policies are governed by the Favelle Favco Berhad which is controlled by the Company.

@ During the financial year, the Group's effective ownership interest in Favelle Favco Berhad diluted to 64.03% (2023: 64.5%) following the issuance of additional ordinary shares in Favelle Favco Berhad upon the exercise of its employees' share options.

During the financial year, the Company has assessed the recoverable amount of investments in subsidiaries due to the decline in net assets position and continuing losses incurred by certain subsidiaries as at the end of the current reporting period. A (reversal)/impairment loss of NIL (2023: RM14,510,000) was reversed/provided on the cost of investments.



Notes to the Financial Statements (*cont'd*)

5. Investments in subsidiaries (*cont'd*)

Non-controlling interests in subsidiaries

The following table lists out the information relating to Favelle Favco Berhad, which has non-controlling interest ("NCI") that are material to the Group. The summarised financial information presented below represents the amount before any inter-company elimination.

	Group	
	2024 RM'000	2023 RM'000
NCI percentage	35.97%	35.5%
Carrying amount of NCI	289,613	278,824
Profit allocated to NCI	19,353	17,931
Dividends paid to NCI	7,613	3,394
Total assets	1,441,771	1,451,207
Total liabilities	631,079	663,558
Revenue	901,124	765,161
Profit for the year	66,730	61,456
Net cash flows from operating activities	31,268	129,929
Net cash flows used in investing activities	(16,633)	(16,694)
Net cash flows used in financing activities	(14,339)	(49,146)

6. Investments in associates

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares				
- At cost	111,144	111,144	42,512	42,512
- Share of post-acquisition reserves	731,277	706,742	-	-
	842,421	817,886	42,512	42,512
Less: Impairment loss	(10,411)	(10,411)	(9,146)	(9,146)
	832,010	807,475	33,366	33,366



6. Investments in associates (cont'd)

Details of the associates are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2024 %	2023 %
Concession segment				
Roadcare (M) Sdn. Bhd.*@	Operation and maintenance of roadways and bridges	Malaysia	21	21
Société Concessionnaire de l’ Aéroport*#@	Operator and concessionaire of airports in Cambodia	Cambodia	21	21
Cambodia Airport Management Services Ltd.*#@	Provision of airport management services	Cambodia	21	21
Infrastructure construction segment				
Freyssinet PSC (M) Sdn. Bhd.*@	Civil engineering and construction works	Malaysia	50	50
Wabag Muhibbah JV Sdn. Bhd.*@+	Engineering, procurement, construction and commissioning of effluent treatment plant	Malaysia	30	30
M&G Sutera 8 Sdn. Bhd.*@^	Ship management services	Malaysia	40	40
PLH Co. Ltd.*@	Project development	Laos	49	49
Cranes segment				
Favelle Offshore Sdn. Bhd.#	Manufacture, supply, servicing and renting of cranes	Malaysia	19.2	19.4
Favelle Favco Machinery and Equipment L.L.C*#	Trading and rental of construction equipment	United Arab Emirates	31.4	31.6
Favelle Heavy Industry (Changshu) Co., Ltd. *#	Supply, renting and servicing of lifting equipment and spare parts	China	32	32.3

* Associates not audited by Crowe Malaysia PLT.

Associates of subsidiaries of Muhibbah Engineering (M) Bhd.

+ Financial year ended as at 31 March.

^ Financial year ended as at 30 April.

@ The results of the associates are accounted for using management accounts.



Notes to the Financial Statements (*cont'd*)

6. Investments in associates (*cont'd*)

Summary financial information of major associates

The major associates of the Group, adjusted for any differences in accounting policies and the carrying amounts in the consolidated financial statements, are disclosed below:

	Group	
	2024 RM'000	2023 RM'000
Gross amount of the major associates		
Non-current assets	1,556,577	1,658,529
Current assets	1,562,936	1,287,387
Non-current liabilities	27,389	39,476
Current liabilities	393,002	297,924
Revenue	1,627,925	1,348,247
Profit for the year	418,854	211,431
Dividends received	77,077	7,200
Carrying amount in the consolidated financial statements	821,930	798,519

Aggregate information of immaterial associates

	Group	
	2024 RM'000	2023 RM'000
Aggregate carrying amount	10,080	8,956
Aggregate amount of the group share:		
- Profit for the year	1,537	812



7. Receivables, deposits and prepayments

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Non-trade					
Amount due from associates	7.1	6,705	6,885	-	-
Less: Allowance for impairment loss	29.3	(5,265)	-	-	-
		1,440	6,885	-	-
Current Trade					
Trade receivables	7.2	368,560	356,274	59,137	77,815
Amount due from subsidiaries	7.3	-	-	806,675	880,355
Amount due from associates	7.1	66,391	78,565	-	-
Unbilled receivables		32,707	-	-	-
		467,658	434,839	865,812	958,170
Less: Allowance for impairment loss	29.3	(103,874)	(107,807)	(313,679)	(318,663)
		363,784	327,032	552,133	639,507
Non-trade					
Amount due from subsidiaries	7.3	-	-	181,122	308,092
Amount due from associates	7.1	31,928	26,989	10,702	10,553
Other receivables		12,229	28,636	625	3,357
		44,157	55,625	192,449	322,002
Less: Allowance for impairment loss	29.3	(26,223)	(19,966)	(50,537)	(56,675)
		17,934	35,659	141,912	265,327
Deposits		6,012	6,670	2,768	3,398
Prepayments		29,355	35,246	5,251	5,791
		53,301	77,575	149,931	274,516
		417,085	404,607	702,064	914,023
Non-current and current		418,525	411,492	702,064	914,023

7.1 Amounts due from associates

The amounts due from associates of the Group and of the Company are unsecured, interest free and have no fixed terms of repayment, except for an amount due from an associate of RM6,705,000 (2023 - RM6,885,000) which is subject to interest rate of 1% (2023 - 1%) per annum.



Notes to the Financial Statements (cont'd)

7. Receivables, deposits and prepayments (cont'd)

7.2 Trade receivables

Analysis of foreign currency exposure for significant receivables

Included in trade receivables (net of impairment) are major receivables denominated in currencies other than the functional currency, as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Euro	246	305	-	-
Singapore Dollar	3,317	2,755	-	-
US Dollar	81,695	60,275	378	347
AUD	61	733	-	-

Also included in trade receivables of the Group and of the Company are retention sums of RM22,238,000 (2023 - RM54,569,000) and RM19,330,000 (2023 - RM18,119,000) respectively, the collection of which are expected upon expiry of the respective projects' warranty period.

7.3 Amount due from subsidiaries

The trade receivables due from subsidiaries are subject to the normal credit terms ranging from 30 to 150 days (2023 - 30 to 150 days).

The non-trade receivables due from subsidiaries are unsecured, interest free and repayable on demand.

8. Deferred tax (assets) and liabilities

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Property, plant and equipment	-	-	132,352	105,761	132,352	105,761
Tax losses carry forward	(25,000)	(34,504)	75	4,608	(24,925)	(29,896)
Other temporary differences	(46,651)	(34,869)	15,870	38,566	(30,781)	3,697
Tax (assets)/liabilities	(71,651)	(69,373)	148,297	148,935	76,646	79,562
Set off of tax	38,223	36,587	(38,223)	(36,587)	-	-
Net tax (assets)/liabilities	(33,428)	(32,786)	110,074	112,348	76,646	79,562
Company						
Property, plant and equipment	-	-	20,967	20,967	20,967	20,967
Tax losses carry forward	(25,000)	(25,000)	-	-	(25,000)	(25,000)
Tax (assets)/liabilities	(25,000)	(25,000)	20,967	20,967	(4,033)	(4,033)
Set off of tax	25,000	25,000	(25,000)	(25,000)	-	-
Net tax (assets)/liabilities	-	-	(4,033)	(4,033)	(4,033)	(4,033)



8. Deferred tax (assets) and liabilities (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unabsorbed capital allowances	145,779	168,351	108,366	103,583
Tax losses carry forward	888,795	829,850	575,324	541,700
Other temporary differences	426,296	439,127	374,836	378,114
	1,460,870	1,437,328	1,058,526	1,023,397

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Movement in temporary differences during the financial year

	Property, plant and equipment RM'000	Tax losses carry forward RM'000	Other temporary differences RM'000	Total RM'000
Group				
As at 1 January 2023	154,619	(25,429)	(49,167)	80,023
Recognised in profit or loss (Note 23)	(48,912)	(4,467)	52,864	(515)
Recognised in equity	(634)	-	-	(634)
Foreign exchange differences	688	-	-	688
As at 31 December 2023/ 1 January 2024	105,761	(29,896)	3,697	79,562
Recognised in profit or loss (Note 23)	33,968	4,971	(41,985)	(3,046)
Foreign exchange differences	130	-	-	130
As at 31 December 2024	139,859	(24,925)	(38,288)	76,646
Company				
As at 1 January 2023/31 December 2023/ 1 January 2024	20,967	(25,000)	-	(4,033)
Effect of revaluation	-	-	-	-
As at 31 December 2024	20,967	(25,000)	-	(4,033)



Notes to the Financial Statements (*cont'd*)

9. Other non-current assets

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other investments	16,297	13,330	230	130
Goodwill	75,283	75,283	-	-
Land held for development	16,706	16,706	-	-
Development costs	15,405	11,585	-	-
Intellectual property	131	151	-	-
	123,822	117,055	230	130

	Land held for development		Development costs	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group				
Cost				
At 1 January	16,706	16,906	17,586	14,807
Additions	-	-	4,140	2,765
Written off	-	-	(1,054)	-
Reclassification	-	(200)	-	-
Exchange difference	-	-	(7)	14
At 31 December	16,706	16,706	20,665	17,586
Accumulated impairment/amortisation				
At 1 January	-	-	6,001	5,995
Amortisation charge for the year	-	-	-	6
Written off	-	-	(741)	-
At 31 December	-	-	5,260	6,001
Carrying amounts				
At 1 January	16,706	16,906	11,585	8,812
At 31 December	16,706	16,706	15,405	11,585



9. Other non-current assets (cont'd)

Development costs

Development costs represent internally generated development expenditure by subsidiaries on new or substantially improved projects. It is reasonably anticipated that the development expenditure will be recovered through future commercial activity. The amortisation period of development expenditure ranged from 1 year to 5 years (2023 - 1 year to 5 years).

Intellectual property

	Group	
	2024 RM'000	2023 RM'000
Cost		
At 1 January/31 December	1,935	1,935
Accumulated impairment/amortisation		
At 1 January	1,784	1,765
Amortisation charge for the year	20	19
At 31 December	1,804	1,784
Carrying amounts		
At 1 January	151	170
At 31 December	131	151

Intellectual property represents the acquisition of know-how, rights to industrial property and trade name by subsidiaries. It is reasonably anticipated that the intellectual property will be recovered through future commercial activity.

Goodwill

	2024 RM'000	2023 RM'000
Group		
Carrying amounts		
At 1 January/31 December	75,283	75,283



Notes to the Financial Statements (*cont'd*)

9. Other non-current assets (*cont'd*)

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit 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:

	Average gross margin		Average growth rate		Discount rate		Terminal growth rate	
	2024	2023	2024	2023	2024	2023	2024	2023
	%	%	%	%	%	%	%	%
Intelligent automation group	29-30	28-30	5-6	4-6	9	9	-	-

The key assumptions represent management's assessment based on past operating results and management's expectations of market conditions and assessment of future trends derived from both external and internal sources.

Management has determined the average gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the industries that the Group operates in.

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

10. Contract assets/(liabilities)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Contract assets				
Contract assets relating to contracts	378,385	320,760	167,693	123,335
Allowance for impairment losses (Note 29.3(ii))	(83,860)	(76,340)	(8,377)	(7,934)
	294,525	244,420	159,316	115,401
Contract liabilities	(361,645)	(232,183)	(101,359)	(43,301)



10. Contract assets/(liabilities) (cont'd)

The changes to contract assets and contract liabilities balances during the financial year are summarised below:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	12,237	97,790	72,100	84,742
Revenue recognised in profit or loss during the financial year	1,377,836	783,588	845,576	316,681
Progress billings	(1,428,319)	(828,503)	(859,450)	(329,971)
Reversal of/(Provision for) credit loss on contract assets	(7,520)	(49,994)	(443)	(42)
Reversal of/(Provision for) foreseeable losses for contract assets	(8,145)	(3,922)	174	690
Reclassification	(8,400)	8,400	-	-
Exchange difference	(4,809)	4,878	-	-
At 31 December	(67,120)	12,237	57,957	72,100
Represented by:				
Contract assets	294,525	244,420	159,316	115,401
Contract liabilities	(361,645)	(232,183)	(101,359)	(43,301)
	(67,120)	12,237	57,957	72,100

11. Inventories

	2024 RM'000	2023 RM'000
Group		
At cost:		
Raw material	8,065	12,428
Crane	-	298
Crane components	99,259	111,507
Work-in-progress	64,854	68,840
Land held for sale	28,492	27,801
At net realisable value:	200,670	220,874
Cranes	22,426	27,395
Crane components	21,019	21,466
Work-in-progress	6,657	63,738
	250,772	333,473
Company		
At cost:		
Work-in-progress	288	386



Notes to the Financial Statements (*cont'd*)

12. Cash flow information

12.1 The cash and bank balances comprised the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits placed with licensed banks	123,742	62,622	-	-
Short-term funds	238,834	71,474	199,459	38,089
Cash and bank balances	208,619	260,092	75,416	46,448
	571,195	394,188	274,875	84,537

The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.6% to 6.0% (2023 - 1.0% to 5.3%) per annum.

Short-term funds represent investment in highly liquid money market, which is readily convertible to a known amount of cash. The effective interest rates of the Group and of the Company range from 0.1% to 5.2% (2023 - 0.1% to 5.8%) and 2.85% to 4.3% (2023 - 2.4% to 2.8%) per annum respectively

12.2 The cash disbursed for the purchase of property, plant and equipment is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cost of property, plant and equipment purchased (Note 3)	79,372	47,226	26,923	11,340
Amount financed through hire purchase	(3,159)	(4,139)	-	-
New lease acquired	(3,038)	(709)	-	-
Cash disbursed for purchase of property, plant and equipment	73,175	42,378	26,923	11,340



12. Cash flow information (cont'd)

12.3 The reconciliation of liabilities arising from financing activities are as follows:

	Term Loans & Revolving Credit RM'000	Bills Payable RM'000	Lease RM'000	Total RM'000
Group				
2024				
At 1 January	457,239	317,976	28,510	803,725
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	272,736	859,082	-	1,131,818
Repayment of principal	(309,655)	(807,103)	(9,481)	(1,126,239)
	(36,919)	51,979	(9,481)	5,579
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	6,197	6,197
Exchange differences	(1,065)	-	(1,988)	(3,053)
	(1,065)	-	4,209	3,144
At 31 December	419,255	369,955	23,238	812,448
2023				
At 1 January	364,130	418,440	36,244	818,814
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	255,752	786,501	-	1,042,253
Repayment of principal	(163,052)	(886,965)	(16,094)	(1,066,111)
	92,700	(100,464)	(16,094)	(23,858)
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	4,848	4,848
Exchange differences	409	-	3,512	3,921
	409	-	8,360	8,769
At 31 December	457,239	317,976	28,510	803,725



Notes to the Financial Statements (cont'd)

12. Cash flow information (cont'd)

12.3 The reconciliation of liabilities arising from financing activities are as follows: (cont'd)

	Term Loans & Revolving Credit RM'000	Bills Payable RM'000	Total RM'000
Company			
2024			
At 1 January	378,000	279,221	657,221
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	253,000	745,557	998,557
Repayment of principal	(284,250)	(711,715)	(995,965)
	(31,250)	33,842	2,592
At 31 December	346,750	313,063	659,813
2023			
At 1 January	294,500	365,789	660,289
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	192,250	697,976	890,226
Repayment of principal	(108,750)	(784,544)	(893,294)
	83,500	(86,568)	(3,068)
At 31 December	378,000	279,221	657,221

13. Share capital

	Group and Company			
	Number of shares		Amount	
	2024	2023	2024	2023
	'000	'000	RM'000	RM'000
Issued and fully paid ordinary shares:				
At 1 January	727,562	726,951	426,770	426,474
Exercise of employee share options	3,181	611	1,214	232
Transfer from share options	-	-	336	64
At 31 December	730,743	727,562	428,320	426,770

- (i) 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.
- (ii) In current financial year, a total of 3,181,000 (2023 – 611,000) new ordinary shares were issued for cash pursuant to the employee's share issuance scheme ("SIS") of the Company. The details of options granted under the Company's share options are disclosed in Note 25.



14. Reserves

Treasury shares

This amount represents the acquisition cost for the repurchase of the Company's ordinary shares, net of the proceeds received from their subsequent sale or issuance of the shares repurchased.

The number of treasury shares held is 1,783,000 (2023 - 1,783,000). None of the treasury shares held was sold or cancelled during the financial year ended 31 December 2024.

Revaluation reserve

Revaluation reserve of the Group relates to the revaluation of freehold land and leasehold land of the Company and certain subsidiaries, and the revaluation of an investment in a subsidiary by the Company in 1982.

Capital reserve

The capital reserve of the Group represents reserve arising from the redemption of preference shares issued by a subsidiary, and the capitalisation of distributable reserve for issuance of bonus shares by subsidiaries in previous years.

Share options reserve

The share options reserve of the Group and of the Company comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share options reserve is transferred to share capital. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

Translation reserve

The translation reserve of the Group and of the Company comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Retained earnings

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.



Notes to the Financial Statements (*cont'd*)

15. Loans and borrowings

The note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and Company's exposure to interest rate risk, see Note 29.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
<i>Secured</i>				
Term loans	6,100	7,509	-	-
<i>Unsecured</i>				
Term loans	167,875	96,250	167,875	96,250
	173,975	103,759	167,875	96,250
Current				
<i>Secured</i>				
Term loans	1,505	8,830	-	-
<i>Unsecured</i>				
Term loans	25,875	26,750	25,875	26,750
Bank overdrafts	5,008	15	-	15
Revolving credits	217,900	317,900	153,000	255,000
	250,288	353,495	178,875	281,765
Non-current and current	424,263	457,254	346,750	378,015



15. Loans and borrowings (cont'd)

Terms and debt repayment schedule

	Year of maturity	Total Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	Over 5 years RM'000
Group						
2024						
Secured						
Term loans	2025 - 2037	7,605	1,505	625	2,040	3,435
Unsecured						
Term loans	2031	193,750	25,875	26,125	79,750	62,000
Bank overdrafts	-	5,008	5,008	-	-	-
Revolving credits	-	217,900	217,900	-	-	-
		424,263	250,288	26,750	81,790	65,435
2023						
Secured						
Term loans	2024 - 2037	16,339	8,830	1,564	1,291	4,654
Unsecured						
Term loans	2028	123,000	26,750	20,875	55,375	20,000
Bank overdrafts	-	15	15	-	-	-
Revolving credits	-	317,900	317,900	-	-	-
		457,254	353,495	22,439	56,666	24,654



Notes to the Financial Statements (cont'd)

15. Loans and borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

	Year of maturity	Total Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	Over 5 years RM'000
Company						
2024						
Unsecured						
Term loans	2031	193,750	25,875	26,125	79,750	62,000
Revolving credits	-	153,000	153,000	-	-	-
		346,750	178,875	26,125	79,750	62,000
2023						
Unsecured						
Term loans	2028	123,000	26,750	20,875	55,375	20,000
Bank overdrafts	-	15	15	-	-	-
Revolving credits	-	255,000	255,000	-	-	-
		378,015	281,765	20,875	55,375	20,000

Term loans

The secured term loan of the sub-subsidiaries are charged against freehold land and buildings of certain sub-subsidiaries prior to the acquisition by the Group (Note 3).



16. Payables and accruals

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Non-trade					
Amount due to minority shareholders		-	36,839	-	-
		-	36,839	-	-
Current					
Trade					
Trade payables	(i)	195,243	312,751	32,539	97,133
Amount due to subsidiaries	(ii)	-	-	103,619	108,904
		195,243	312,751	136,158	206,037
Non-trade					
Amount due to subsidiaries	(ii)	-	-	13,248	628
Amount due to associates	(iii)	960	-	-	-
Amount due to minority shareholders		54,869	-	-	-
Provision for warranty costs	(iv)	32,738	34,911	43	43
Other payables		54,536	54,440	967	149
Accrued expenses		47,983	57,860	3,230	2,509
		191,086	147,211	17,488	3,329
Total current		386,329	459,962	153,646	209,366
Non-current and current		386,329	496,801	153,646	209,366

- (i) Included in trade payables of the Group are advances received from contract customers amounting to RM562,000 (2023 - RM41,340,000).

Included in trade payables are major payables denominated in currencies other than the functional currency, as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Australian Dollar	326	102	-	-
Euro	7,875	9,894	82	-
Qatari Riyal	4,445	-	4,445	6,787
Singapore Dollar	1,881	626	-	-
US Dollar	14,658	15,609	177	177
Sterling Pound	2,194	1,960	-	-
Japanese Yen	14	244	-	-
Chinese Renminbi	2,568	122	-	-



Notes to the Financial Statements (*cont'd*)

16. Payables and accruals (*cont'd*)

- (ii) The trade payables due to subsidiaries are subject to the normal credit terms ranging from 30 to 60 days (2023 - 30 to 60 days).

The non-trade payables due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

- (iii) The amount due to associates of the Group are unsecured, interest-free and repayable on demand.

- (iv) Provision for warranty costs relates to provision for defect rectification costs for manufactured cranes sold.

17. Hire purchase and lease liabilities

	Group	
	2024 RM'000	2023 RM'000
Non-current		
Hire purchase with financial institutions	12,716	17,060
Lease liabilities	2,360	1,793
	15,076	18,853
Current		
Hire purchase with financial institutions	5,372	6,835
Lease liabilities	2,790	2,822
	8,162	9,657
	23,238	28,510

The maturity profile of the Group's hire purchase and lease liabilities at the end of the financial year is summarised as follows:

	Group	
	2024 RM'000	2023 RM'000
Under 1 year	8,162	9,657
1 – 2 years	8,198	8,697
3 – 5 years	6,878	10,156
Total carrying value	23,238	28,510

18. Bills payable

All bills payable of the Group and of the Company are unsecured and payable within a year and not subject to repricing before maturity.



19. Derivative assets/(liabilities)

	Contract/ Notional amount RM'000	Derivative assets RM'000	Derivative liabilities RM'000
2024			
Group			
Forward foreign currency contracts	54,634	21	1,143
Company			
Forward foreign currency contracts	11,150	21	-
2023			
Group			
Forward foreign currency contracts	95,689	766	-
Company			
Forward foreign currency contracts	30,148	267	-

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group.

20. Revenue

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Works done under contracts				
for construction, cranes and vessels	1,377,836	783,588	845,576	316,681
Sale of goods and components	181,166	105,572	-	-
Services rendered	380,134	365,521	14,875	14,686
Dividend income	638	535	27,228	20,506
	1,939,774	1,255,216	887,679	351,873

Supplementary information on revenue of the Group inclusive of the Group's share of revenue of associates are as follows:

	2024 RM'000	2023 RM'000
Group		
Revenue of the Group	1,939,774	1,255,216
Share of revenue of associates	449,728	383,566
	2,389,502	1,638,782



Notes to the Financial Statements (*cont'd*)

20. Revenue (*cont'd*)

Revenue Recognition Disclosure

Nature of Goods or Services	Timing and Method of Revenue Recognition	Significant Payment Terms	Variable Considerations	Warranty and Obligation for Returns or Refunds
Engineering, Procurement, Construction and Commissioning Works, including cranes, vessels and equipment.	Recognised over time using input method (costs incurred over total estimated costs) as performance obligations are satisfied.	Based on billings payment terms as per contract.	Adjustments may include incentives and penalties based on performance; estimated using most likely amount.	Provision for defect rectification costs.
Sale of Spare Parts and Ready-Made Cranes/Vessels.	Recognised at a point in time when control transfers to customer upon delivery and acceptance.	Payment as per contract.	Not applicable.	No right of return or warranty obligation specified.
Crane Maintenance and Rental Services.	Recognised over time based on actual services rendered to date.	Invoiced as per contract.	Not applicable.	Not applicable.
Vessel Chartering Services.	Recognised over time as customer simultaneously receives and consumes benefits.	Invoiced as per contract.	Related charges (e.g. reimbursements) recognised when transferred.	Not applicable.
Dividend Income.	Recognised at a point in time when right to receive is established.	Payment as per dividend declaration.	Not applicable.	Not applicable.
Rental Income from Investment Properties.	Recognised over lease term on a straight-line basis.	As per lease agreement.	Not applicable.	Not applicable.



21. Operating profit/(loss)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating profit/(loss) is arrived at after charging/(crediting):				
Allowance for slow moving inventories	2,344	2,584	-	-
Allowance for diminution in value of investment	10	8	-	-
Amortisation of development costs and intellectual property	20	25	-	-
Amortisation of investment in associates	605	605	-	-
Auditors' remuneration:				
- Holding company's auditors				
- statutory audit	690	670	232	222
- current year	(2)	10	-	-
- under provision in prior years				
- other services	688	680	232	222
- Other auditors	40	40	20	20
	1,027	760	-	-
	1,755	1,480	252	242
Bad debts written off	2,313	3,568	197	3,000
Investment in a subsidiary written off	-	-	-	14,510
Depreciation expenses:				
- investment properties	6	5	240	241
- property, plant and equipment	64,527	68,085	6,410	6,523
- right-of-use assets	6,502	7,469	-	-
Finance costs:				
- borrowings	22,253	24,532	17,114	17,049
- interest expenses arising on financial assets/liabilities measured under MFRS 9	2,371	2,935	43,028	66,150
	24,624	27,467	60,142	83,199
- contract costs	9,654	9,150	693	464
	34,278	36,617	60,835	83,663
Capital loss on liquidation of subsidiary	-	270	-	1,121
Net impairment/(reversal) loss on:				
- contract assets	7,520	49,994	443	42
- receivables	16,948	14,227	(11,122)	(11,424)
	24,468	64,221	(10,679)	(11,382)
- investment in subsidiaries	-	-	-	(14,510)
- investment in associates	-	1,710	-	1,710
- property, plant and equipment	2,678	11,324	-	-



Notes to the Financial Statements (*cont'd*)

21. Operating profit/(loss) (*cont'd*)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating profit/(loss) is arrived at after charging/(crediting): (continued)				
Net provision/(reversal) for warranties	1,514	367	-	-
Net provision/(reversal) for foreseeable losses	8,145	3,922	(174)	(690)
Personnel expenses (including key management personnel)				
- contribution to Employees Provident Fund	27,587	15,725	406	1,388
- wages, salaries and others	194,583	163,336	14,588	12,583
Property, plant and equipment written off	976	244	-	241
Rental expenses	47,375	36,149	4,177	8,042
Share-based payments	1,903	4,674	990	1,655
Written (back)/off of inventories	2,118	(3,707)	-	-
Gain on disposal of property, plant and equipment	(15,953)	(406)	(312)	(8,809)
Gain on disposal of investment properties	-	-	-	(94)
Gain on disposal of assets held for sale	-	(4,964)	-	(4,964)
Interest income	(14,957)	(11,000)	(7,457)	(19,650)
Interest income arising on financial assets /liabilities measured under MFRS 9	(3,111)	(260)	(44,088)	(42,855)
	(18,068)	(11,260)	(51,545)	(62,505)
Net fair value loss/(gain) on derivative instruments	1,888	335	246	408
Net fair value gain on the investment	(1,890)	(2,955)	-	-
Net unrealised (gain)/loss on foreign exchange	14,916	(15,014)	7,351	(1,890)
Net realised (gain)/loss on foreign exchange	(9,840)	(1,447)	(9,260)	521
Waiver of debts	-	(5)	-	(6,985)
Rental income on: - premises	(635)	(610)	(875)	(870)



22. Key management personnel compensation

Key management personnel compensation are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company				
- Fees	856	821	384	384
- Remuneration	3,721	3,063	2,787	2,258
	4,577	3,884	3,171	2,642
Defined contribution benefits	351	468	221	249
	4,928	4,352	3,392	2,891

The Directors of the Company are the key management personnel for the Group with ultimate authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

23. Income tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax expense				
Malaysia				
- current	29,447	19,012	426	-
- (over)/under provision in prior year	(88)	1,337	-	-
	29,359	20,349	426	-
Foreign				
- current	7,686	8,602	-	-
- over provision in prior year	(5,503)	(1,465)	-	-
	2,183	7,137	-	-
Withholding tax	1,387	1,717	1,364	1,711
Real property gains tax	-	1,480	-	1,480
Deferred tax expense (Note 8)				
Origination and reversal of temporary differences	(4,989)	3,041	-	-
(Over)/Under provision in prior years	1,943	(3,556)	-	-
	(3,046)	(515)	-	-
Income tax expense	29,883	30,168	1,790	3,191



Notes to the Financial Statements (*cont'd*)

23. Income tax expense (*cont'd*)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Reconciliation of tax expense				
Operating profit/(loss)	50,009	3,710	37,065	11,094
Income tax using Malaysian tax rate at 24% (2023 - 24%)	12,002	890	8,896	2,663
Effect of different tax rates in foreign jurisdictions	281	259	-	-
Effect of deferred tax benefits not recognised	16,952	23,151	8,432	15,362
Utilisation of deferred tax assets not recognised in previous year	(11,300)	(2,284)	-	-
Utilisation of tax losses	226	994	-	-
Non-deductible expenses	61,191	45,453	3,411	441
Non-taxable income	(48,729)	(36,281)	(16,690)	(15,373)
Non-taxable foreign projects income	(3,622)	(3,093)	(3,622)	(3,093)
Withholding tax for foreign projects	1,387	1,717	1,363	1,711
Real property gains tax	-	1,480	-	1,480
Others	5,143	1,566	-	-
	33,531	33,852	1,790	3,191
Under provision in prior years				
- current tax expense	(5,591)	(128)	-	-
- deferred tax expense	1,943	(3,556)	-	-
Total income tax expense	29,883	30,168	1,790	3,191

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023 - 24%) of the estimated assessable profit for the financial year.



24. Earnings per ordinary share (sen)

Basic earnings per share

The calculation of basic earnings per share for the financial year ended 31 December 2024 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit/(Loss) for the financial year attributable to owners of the Company	79,996	(7,982)
	Group	
	2024 '000	2023 '000
Number of ordinary shares issued at 1 January	727,561	726,951
Effect of shares repurchased	(1,783)	(1,783)
Effect of shares issued under employee share options	1,088	102
Total weighted average number of ordinary shares in issue	726,866	725,270
	Group	
	2024	2023
Basic earnings/(loss) per share (sen)	11.00	(1.10)



Notes to the Financial Statements (*cont'd*)

24. Earnings per ordinary share (sen) (*cont'd*)

Diluted earnings per share

The Group has dilutive potential ordinary shares from the options granted to eligible employees of the Group.

The calculation of diluted earnings per share for the year ended 31 December 2024 was based on profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding on the assumption that all the dilutive potential ordinary shares are fully converted, as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit/(Loss) attributable to owners of the Company	79,996	(7,982)
	Group	
	2024 '000	2023 '000
Weighted average number of ordinary shares	726,866	725,270
Effect of dilution arising from conversion of remaining employee share options	31,101	37,719
Adjusted weighted average number of ordinary shares (diluted) at 31 December	757,967	762,989

The average market price of the Company's shares, used to assess the dilutive effect of share options, was calculated based on the quoted market prices over the period during which the options were outstanding.

	Group	
	2024	2023
Diluted earnings/(loss) per share (sen)	10.55	(1.05)



25. Employee benefits

Share-based payments

The main features of the SIS, and details of the share options offered and exercised during the financial year are as follows:

- (i) The maximum number of approved unissued new ordinary shares available for allotment under the SIS shall not exceed in aggregate of ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the SIS scheme;
- (ii) Save for Directors, the eligible employees are those confirmed full time employees of the Group and who have served for a continuous period of at least one (1) year;
- (iii) A grantee shall be allowed to exercise the options granted subject to the following percentage limits based on entitlement granted:

Year option is granted 2022 & 2023

Cumulative % of options exercisable during the option period in

Year 1	-
Year 2	15%
Year 3	30%
Year 4	45%
Year 5	100%

- (iv) The exercise price shall be based on the weighted average market price of the shares of the Company for the five (5) market days immediately preceding the offer date subject to a discount of not more than ten per cent (10%) or at the par value of the shares of the Company, whichever is higher.

The following options were granted under the Option scheme:

Group and Company

SIS

Grant date	Exercise price	At 1.1.2024 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2024 '000	Expiry date
27.1.2023	RM0.58	330	-	(27)	-	303	26.7.2027
3.10.2022	RM0.38	37,389	-	(3,154)	(3,437)	30,798	26.7.2027
		37,719	-	(3,181)	(3,437)	31,101	

Grant date	Exercise price	At 1.1.2023 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2023 '000	Expiry date
27.1.2023	RM0.58	-	330	-	-	330	26.7.2027
3.10.2022	RM0.38	38,380	-	(611)	(380)	37,389	26.7.2027
		38,380	330	(611)	(380)	37,719	



Notes to the Financial Statements (*cont'd*)

25. Employee benefits (*cont'd*)

Share-based payments (*cont'd*)

Subsidiary

SIS

Grant date	Exercise price	At 1.1.2024 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2024 '000	Expiry date
21.9.2022	RM1.45	19,288	-	-	-	19,288	26.7.2027

Grant date	Exercise price	At 1.1.2023 '000	Granted '000	Exercised '000	Forfeited '000	At 31.12.2023 '000	Expiry date
21.9.2022	RM1.45	19,745	-	(42)	(415)	19,288	26.7.2027

Details relating to options exercised during the year

	Company		Subsidiary	
	2024 RM	2023 RM	2024 RM	2023 RM
Average share price for the year	0.88	0.69	1.97	1.81

The value of employee services received for issue of share options is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Expense recognised as share-based payments	1,903	4,674	990	1,655



25. Employee benefits (cont'd)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black Scholes model, with the following inputs:

SIS

	Company	Subsidiary
Fair value at grant date (RM)		
- Granted in Year 2022	0.10 - 0.15	0.36 - 0.56
- Granted in Year 2023	0.19 - 0.29	-
Weighted average share price (RM)		
- Granted in Year 2022	0.42	1.71
- Granted in Year 2023	0.61	-
Exercise price (RM)		
- Granted in Year 2022	0.38	1.45
- Granted in Year 2023	0.58	-
Expected volatility (%) (weighted average volatility)	33.61	24.798
Option life	5 years	5 years
Risk-free interest rate (based on Malaysian Government bonds) (%)		
- Granted in Year 2022	3.64 - 4.08	3.395 - 3.944
- Granted in Year 2023	3.17 - 3.42	-
Expected staff turnover (%)	10	10

The expected volatility reflects the assumption that the historical volatility is indicative of future trends and not necessarily be the actual outcome. The expected option life is based on historical data, which may also not necessarily be indicative of exercise patterns that may occur.



Notes to the Financial Statements (*cont'd*)

26. Dividend

Proposed final dividend for the year ended 31 December 2024

The Directors have recommended a first and final ordinary tax exempt dividend of 3.00 sen per ordinary share totaling RM21,868,795 in respect of the financial year ended 31 December 2024, which will be paid after the financial year end subject to the approval of the shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2024.

Dividend per ordinary share

The calculation of dividend per ordinary share is based on the issued and paid-up share capital (excluding treasury shares) of 728,959,818 ordinary shares as at 31 December 2024.

27. 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 comprises the following main business segments:

Infrastructure construction	Construction of petroleum hub and bunkering facilities, oil and gas terminals, liquefied natural gas jetty works, marine ports, bridges and dams, airport terminals runway and facility support buildings, heavy concrete foundations and other similar construction works
Cranes	Design, manufacture, supply, trading, leasing and service provider of offshore oil and gas pedestal cranes, tower cranes, shipyard cranes and other heavy lifting equipment cranes; and design, engineering and maintenance services for integrated automation solutions, process analysers and specialised equipment for various industries
Marine shipbuilding and ship repair	Design, engineering, building and service provider of anchor handling tug boats, supply vessels, accommodation ships and marine vessels for the offshore oil and gas exploration and production works
Concession	Privatisation of international airports in Cambodia and road maintenance works in the central region of Peninsular Malaysia

Segment assets and segment liabilities

The Group Executive Committee reviews the segments' operating performance on segment net assets basis. Hence, the segment assets and segment liabilities are presented on the same basis.



27. Operating segments (cont'd)

Business segments

	Infrastructure Construction		Cranes		Marine shipbuilding and ship repair		Concessions		Eliminations		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Segment profit/(loss) before tax	66,025	16,874	88,130	85,373	20,345	(9,659)	119,551	62,858	(120,744)	(88,871)	173,307	66,575
Included in the measure of segment profit are:												
Revenue from external customers	927,478	431,928	888,818	757,320	123,478	65,968	-	-	-	-	1,939,774	1,255,216
Group's share of revenue of associates	20,431	21,843	19,105	18,264	4,983	4,638	405,209	338,821	-	-	449,728	383,566
Group's revenue	947,909	453,771	907,923	775,584	128,461	70,606	405,209	338,821	-	-	2,389,502	1,638,782
Inter-segment revenue	26,943	19,534	12,492	7,841	5,101	7,694	-	-	(44,536)	(35,069)	-	-
Interest income	55,658	78,539	6,995	3,807	1,609	864	285	12	(46,479)	(71,962)	18,068	11,260
Finance costs	(63,461)	(95,772)	(5,644)	(9,335)	(239)	(20,362)	-	-	44,720	88,852	(24,624)	(36,617)
Share of results of associates	380	1,948	1,988	822	1,629	(2,784)	119,301	62,879	-	-	123,298	62,865
Segment net assets	322,115	240,209	810,697	781,649	241,583	241,583	789,645	764,595	(251,736)	(227,140)	1,912,304	1,806,896



Notes to the Financial Statements (*cont'd*)

27. Operating segments (*cont'd*)

Geographical segments

The infrastructure construction segment is operating mainly in Malaysia and Cambodia. The cranes segment is managed on a worldwide basis with its head office in Malaysia. The cranes segment has manufacturing plants in Malaysia, Australia, United States of America and Denmark. The marine shipbuilding and ship repair segment operates in Malaysia. The airport concession segment is managed in Cambodia and the road maintenance concession works are carried out in the central region of Peninsular Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of the respective principal operations.

	Inside Malaysia		Outside Malaysia		Eliminations		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Geographical information								
Revenue	1,553,182	931,659	431,128	358,626	(44,536)	(35,069)	1,939,774	1,255,216
Group's share of revenue of associates	182,153	140,974	267,575	242,592	-	-	449,728	383,566
Total revenue	1,735,335	1,072,633	698,703	601,218	(44,536)	(35,069)	2,389,502	1,638,782
Total assets	3,512,307	3,459,382	1,588,232	1,663,005	(1,495,732)	(1,657,835)	3,604,807	3,464,552

28. Capital commitments

	Group	
	2024 RM'000	2023 RM'000
Unconditional capital expenditure in respect of purchase of property, plant and equipment and construction of investment properties: - contracted for	54,750	21,760



29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2024 categorised as follows:

- (a) Amortised cost; and
- (b) Mandatorily at fair value through profit or loss - derivatives used for hedging.

	Carrying amount RM'000	Amortised cost RM'000	Derivatives used for hedging RM'000
2024			
Group			
Financial assets			
Receivables and deposits	389,170	389,170	-
Cash and bank balances	571,195	571,195	-
Derivative assets	21	-	21
	960,386	960,365	21
Financial liabilities			
Loan and borrowings	(424,263)	(424,263)	-
Payables and accruals	(386,329)	(386,329)	-
Bills payable	(369,955)	(369,955)	-
Hire purchase and lease liabilities	(23,238)	(23,238)	-
Derivative liabilities	(1,143)	-	(1,143)
	(1,204,928)	(1,203,785)	(1,143)
2024			
Company			
Financial assets			
Receivables and deposits	696,813	696,813	-
Cash and bank balances	274,875	274,875	-
Derivative assets	21	-	21
	971,709	971,688	21
Financial liabilities			
Loan and borrowings	(346,750)	(346,750)	-
Payables and accruals	(153,646)	(153,646)	-
Bills payable	(313,063)	(313,063)	-
	(813,459)	(813,459)	-



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.1 Categories of financial instruments (*cont'd*)

The table below provides an analysis of financial instruments as at 31 December 2023 categorised as follows:

	Carrying amount RM'000	Amortised cost RM'000	Derivatives used for hedging RM'000
2023			
Group			
Financial assets			
Receivables and deposits	376,246	376,246	-
Cash and bank balances	394,188	394,188	-
Derivative assets	766	-	766
	771,200	770,434	766
Financial liabilities			
Loan and borrowings	(457,254)	(457,254)	-
Payables and accruals	(496,801)	(496,801)	-
Bills payable	(317,976)	(317,976)	-
Hire purchase and lease liabilities	(28,510)	(28,510)	-
	(1,300,541)	(1,300,541)	-
2023			
Company			
Financial assets			
Receivables and deposits	908,232	908,232	-
Cash and bank balances	84,537	84,537	-
Derivative assets	267	-	267
	993,036	992,769	267
Financial liabilities			
Loan and borrowings	(378,015)	(378,015)	-
Payables and accruals	(209,366)	(209,366)	-
Bills payable	(279,221)	(279,221)	-
	(866,602)	(866,602)	-



29. Financial instruments (cont'd)

29.2 Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit, liquidity, interest rate and foreign currency risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

29.3 Credit risk

The Group's credit risk is primarily attributable to trade receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for borrowings granted to subsidiaries.

(i) Exposure of credit risk

At the end of the reporting period, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The exposure of credit risk for trade receivables (net of impairment) by geographical region is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Asia	195,124	179,881	46,175	63,418
Europe	58,319	27,052	-	-
America	367	7,549	-	-
Middle East	33,231	46,888	-	-
Africa	-	12	-	-
Australia	2,332	15,400	-	-
	289,373	276,782	46,175	63,418

(ii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets at fair value through other comprehensive income are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.3 Credit risk (*cont'd*)

(ii) *Assessment of impairment losses (cont'd)*

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables 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 concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having significant balances and more than 90 days overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months 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.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.



29. Financial instruments (cont'd)

29.3 Credit risk (cont'd)

(ii) Assessment of impairment losses (cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:

	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
2024			
Group			
<u>Trade receivables</u>			
Not past due	180,526	(4,194)	176,332
Past due 1 - 90 days	74,368	(1,323)	73,045
Past due 91 - 180 days	28,899	(1,297)	27,602
Past due more than 180 days	84,767	(72,373)	12,394
	368,560	(79,187)	289,373
Contract assets	378,385	(83,860)	294,525
	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Company			
<u>Trade receivables</u>			
Not past due	45,655	(35)	45,620
Past due 1 - 90 days	300	(34)	266
Past due 91 - 180 days	1	-	1
Past due more than 180 days	12,007	(11,719)	288
Credit impaired	1,174	(1,174)	-
	59,137	(12,962)	46,175
Contract assets	167,693	(8,377)	159,316



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.3 Credit risk (*cont'd*)

(ii) *Assessment of impairment losses (cont'd)*

	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
2023			
Group			
Trade receivables			
Not past due	192,651	(2,070)	190,581
Past due 1 - 90 days	45,426	(1,784)	43,642
Past due 91 - 180 days	32,380	(3,608)	28,772
Past due more than 180 days	85,817	(72,030)	13,787
	356,274	(79,492)	276,782
Contract assets	320,760	(76,340)	244,420
	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Company			
Trade receivables			
Not past due	61,975	(20)	61,955
Past due 1 - 90 days	594	(8)	586
Past due 91 - 180 days	4	-	4
Past due more than 180 days	14,068	(13,195)	873
Credit impaired	1,174	(1,174)	-
	77,815	(14,397)	63,418
Contract assets	123,335	(7,934)	115,401



29. Financial instruments (cont'd)

29.3 Credit risk (cont'd)

(ii) Assessment of impairment losses (cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Other Receivables

The Group applies the general approach to measuring expected credit losses for the other receivables. Generally, the Group considers the advances to other receivables have low credit risks.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the other receivables are summarised below:

	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Group			
2024			
Low credit risk	12,229	(358)	11,871
Credit impaired	-	-	-
	12,229	(358)	11,871
2023			
Low credit risk	27,118	(379)	26,739
Credit impaired	1,518	(1,518)	-
	28,636	(1,897)	26,739
Company			
2024			
Low credit risk	625	(98)	527
Credit impaired	-	-	-
	625	(98)	527
2023			
Low credit risk	3,357	(98)	3,259
Credit impaired	-	-	-
	3,357	(98)	3,259



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.3 Credit risk (*cont'd*)

(ii) *Assessment of impairment losses (cont'd)*

Amount due from Subsidiaries

The Company considers the amount due from subsidiaries to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's outstanding balances to be credit impaired when the subsidiary is unlikely to repay its loan or advances to the Company in full.

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

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount due from subsidiaries are summarised below:

	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Company			
2024			
Low credit risk	620,988	(146,640)	474,348
Credit impaired	366,809	(204,303)	162,506
	987,797	(350,943)	636,854
2023			
Low credit risk	777,446	(150,006)	627,440
Credit impaired	411,001	(210,624)	200,377
	1,188,447	(360,630)	827,817



29. Financial instruments (cont'd)

29.3 Credit risk (cont'd)

(ii) Assessment of impairment losses (cont'd)

The movements in the allowance for impairment losses during the year were:

	Trade receivables RM'000	Other receivables RM'000	Amount due from associates RM'000	Amount due from subsidiaries RM'000	Contract assets RM'000	Total RM'000
Group 2024						
At 1 January	79,492	1,897	46,384	-	76,340	204,113
Addition during the financial year	17,826	98	13,094	-	7,612	38,630
Reversal during the financial year	(11,142)	(118)	(2,810)	-	(92)	(14,162)
Written off	(598)	(1,518)	-	-	-	(2,116)
Exchange difference	(6,391)	(1)	(851)	-	-	(7,243)
At 31 December	79,187	358	55,817	-	83,860	219,222
Company 2024						
At 1 January	14,397	98	213	360,630	7,934	383,272
Addition during the financial year	-	-	-	-	443	443
Reversal during the financial year	(1,435)	-	-	(9,687)	-	(11,122)
At 31 December	12,962	98	213	350,943	8,377	372,593

	Trade receivables RM'000	Other receivables RM'000	Amount due from associates RM'000	Amount due from subsidiaries RM'000	Contract assets RM'000	Total RM'000
Group 2023						
At 1 January	63,383	1,742	47,766	-	26,346	139,237
Addition during the financial year	26,364	121	1,027	-	49,994	77,506
Reversal during the financial year	(10,540)	(32)	(2,713)	-	-	(13,285)
Exchange difference	285	66	304	-	-	655
At 31 December	79,492	1,897	46,384	-	76,340	204,113
Company 2023						
At 1 January	16,591	98	213	369,860	7,892	394,654
Addition during the financial year	-	-	-	-	42	42
Reversal during the financial year	(2,194)	-	-	(9,230)	-	(11,424)
At 31 December	14,397	98	213	360,630	7,934	383,272



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.3 Credit risk (*cont'd*)

(ii) *Assessment of impairment losses (cont'd)*

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

The maximum exposure to credit risk amounted to RM71.6 million (2023 - RM80.5 million) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year.

As at the end of the financial year, there was no indication that any subsidiary would default on repayment.

The corporate guarantees have not been recognised since the fair value on initial recognition was not material.



29. Financial instruments (cont'd)

29.4 Liquidity risk

The Group's exposure to liquidity risk primarily arises from its capabilities to meet its financial obligations, principally its trade payables, loan and borrowings, as and when they fall due.

The Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by management to finance the operations and to mitigate the effects of fluctuations in cash flows.

The table below summaries the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:

	Effective interest rate %	Less than 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000
Group				
2024				
Secured borrowings				
- Term loans	4.4 - 5.9	1,505	2,665	3,435
- Hire purchase	5.6 - 6.2	5,372	12,716	-
Unsecured borrowings				
- Term loans	4.9 - 5.1	25,875	105,875	62,000
- Bank overdrafts	2.5	5,008	-	-
- Revolving credits	3.5 - 5.0	217,900	-	-
Unsecured bills payable	3.6 - 5.4	369,955	-	-
Unsecured payables and accruals	-	386,329	-	-
Lease liabilities	2.9 - 4.1	2,790	2,360	-
		1,014,734	123,616	65,435
2023				
Secured borrowings				
- Term loans	4.4 - 7.1	8,830	2,855	4,654
- Hire purchase	5.6 - 6.2	6,835	6,904	10,156
Unsecured borrowings				
- Term loans	4.9 - 5.0	26,750	76,250	20,000
- Bank overdrafts	6.4	15	-	-
- Revolving credits	3.7 - 5.4	317,900	-	-
Unsecured bills payable	3.6 - 4.9	317,976	-	-
Unsecured payables and accruals	-	459,962	36,839	-
Lease liabilities	2.9 - 4.1	2,822	1,793	-
		1,141,090	124,641	34,810



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.4 Liquidity risk (*cont'd*)

	Effective interest rate %	Less than 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000
Company				
2024				
Unsecured borrowings				
- Term loans	4.9 - 5.1	25,875	105,875	62,000
- Revolving credits	3.9 - 5.0	153,000	-	-
Unsecured bills payable	3.7 - 4.6	313,063	-	-
Unsecured payables and accruals		153,646	-	-
		645,584	105,875	62,000
2023				
Unsecured borrowings				
- Term loans	4.9 - 5.0	26,750	76,250	20,000
- Bank overdrafts	6.4	15	-	-
- Revolving credits	4.3 - 4.9	255,000	-	-
Unsecured bills payable	3.7 - 4.0	279,221	-	-
Unsecured payables and accruals		209,366	-	-
		770,352	76,250	20,000

29.5 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates. The Group and the Company borrow to fund the acquisition of property, plant and equipment and for working capital purposes from banks and financial institutions, and have fixed deposits placed with licensed banks. Interest rate exposure is managed through the use of fixed and floating rate debts.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the end of the reporting period and the periods in which they mature, or if earlier, reprice.



29. Financial instruments (cont'd)

29.5 Interest rate risk (cont'd)

Effective interest rates and repricing analysis (cont'd)

Group	Effective interest rate %	2024			Effective interest rate %	2023		
		Total RM'000	Less than 1 year RM'000	1 - 5 years RM'000		Total RM'000	Less than 1 year RM'000	1 - 5 years RM'000
Financial assets								
Deposits placed with licensed banks	1.6 - 6.0	123,742	123,742	-	1.6 - 5.6	62,622	62,622	-
Short-term funds	0.1 - 5.2	238,834	238,834	-	0.1 - 5.8	71,474	71,474	-
		362,576	362,576	-		134,096	134,096	-
Company								
Financial assets								
Short-term funds	2.85 - 4.3	199,459	199,459	-	2.4 - 2.8	38,089	38,089	-
		199,459	199,459	-		38,089	38,089	-

Financial liabilities

The information on interest-bearing financial liabilities are disclosed in Note 29.4.



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.5 Interest rate risk (*cont'd*)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates as at the end of the reporting period increase by 100 basis points (bp) with all other variables being held constant, the Group and the Company's profit after taxation would have decreased by RM4,118,000 (2023 - RM5,535,000) and RM3,498,700 (2023 - RM4,705,500). A 100 bp decrease would have had an equal but opposite effect on the profit after taxation.

29.6 Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United State Dollar ("USD"), Euro, Australian Dollar ("AUD"), Singapore Dollar ("SGD") and Qatari Riyal ("QAR").

The Group and the Company hold derivative financial instruments to hedge their foreign currency risk exposures. The exposure to foreign currency risk of the Group and of the Company is monitored by the management from time to time.

The foreign exchange contracts are used as hedges to manage the operational exposures to foreign currency risks. The exposure to foreign currency risk of the Group and of the Company is also mitigated by natural hedging via borrowings and payment of operational costs and expenses in the same currency of the major receivables.



29. Financial instruments (cont'd)

29.6 Foreign currency risk (cont'd)

The Group's exposure to major foreign currencies risk, based on carrying amounts as at the end of the reporting period are as follows:

	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
Group					
2024					
Financial assets	178,843	44,076	60,247	8,581	5,436
Financial liabilities	(23,450)	(9,514)	(38,229)	(4,364)	(5,564)
Net financial assets/(liabilities)	155,393	34,562	22,018	4,217	(128)
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	(80,805)	(42,738)	(22,282)	(2,780)	(4,318)
Forward foreign currency contracts (contracted notional principal)	(52,791)	-	(1,575)	-	-
Net currency exposure	21,797	(8,176)	(1,839)	1,437	(4,446)
	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
2023					
Financial assets	160,140	546	40,346	7,769	37,424
Financial liabilities	(62,296)	(11,409)	(49,372)	(939)	(7,315)
Net financial assets/(liabilities)	97,844	(10,863)	(9,026)	6,830	30,109
Less:					
Net financial liabilities denominated in the respective entities' functional currencies	(47,980)	1,274	9,658	(4,700)	(30,109)
Forward foreign currency contracts (contracted notional principal)	(93,801)	-	(1,575)	-	-
Net currency exposure	(43,937)	(9,589)	(943)	2,130	-



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.6 Foreign currency risk (*cont'd*)

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:

Effects on profit after taxation

	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
Group					
2024					
- strengthened by 5%	828	(311)	(70)	55	(169)
- weakened by 5%	(828)	311	70	(55)	169
2023					
- strengthened by 5%	(1,670)	(424)	24	81	-
- weakened by 5%	1,670	424	(24)	(81)	-

The Company's exposure to major foreign currency is as follows:

	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
Company					
2024					
Financial assets	53,363	44,455	1,044	11	1
Financial liabilities	(98,900)	(633)	(1,678)	(40,347)	(4,445)
Net financial assets/ (liabilities)	(45,537)	43,822	(634)	(40,336)	(4,444)
Less:					
Forward foreign currency contracts (contracted notional principal)	11,175	-	-	-	-
Net currency exposure	(34,362)	43,822	(634)	(40,336)	(4,444)



29. Financial instruments (cont'd)

29.6 Foreign currency risk (cont'd)

The Company's exposure to major foreign currency is as follows: (cont'd)

	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
Company					
2023					
Financial assets	64,227	48,426	1,176	11	-
Financial liabilities	(43,383)	(157)	(1,891)	(42,713)	(6,797)
Net financial assets/ (liabilities)	20,844	48,269	(715)	(42,702)	(6,797)
Less:					
Forward foreign currency contracts (contracted notional principal)	(29,835)	-	-	-	-
Net currency exposure	(8,991)	48,269	(715)	(42,702)	(6,797)

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:

Effects on profit after taxation

	USD RM'000	Euro RM'000	AUD RM'000	SGD RM'000	QAR RM'000
Company					
2024					
- strengthened by 5%	(1,306)	1,665	(24)	(1,533)	(169)
- weakened by 5%	1,306	(1,665)	24	1,533	169
2023					
- strengthened by 5%	(342)	1,834	(27)	(1,623)	(258)
- weakened by 5%	342	(1,834)	27	1,623	258



Notes to the Financial Statements (*cont'd*)

29. Financial instruments (*cont'd*)

29.7 Fair value information

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

For those financial assets and financial liabilities that are impractical to establish the market value or fair value, are carried at cost less impairment, if any.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2024				
Financial assets				
Forward exchange contracts	-	21	-	21
Short-term funds	238,834	-	-	238,834
	238,834	21	-	238,855
Financial liabilities				
Forward exchange contracts	-	1,413	-	1,413
2023				
Financial assets				
Forward exchange contracts	-	766	-	766
Short-term funds	71,474	-	-	71,474
	71,474	766	-	72,240
Financial liabilities				
Forward exchange contracts	-	-	-	-



30. Contingent liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their financial obligations as and when they fall due (Note 5).

Contingent liabilities - litigation

30.1 *Muhibbah Engineering (M) Bhd ("the Company") v Syrian Civil Aviation Authority ("SCAA")*

The Company has commenced arbitration proceedings at the Dubai International Arbitration Centre ("DIAC") to claim against SCAA in accordance to contract agreement for approximately Euro 36.0 million (RM183.0 million) for costs and interest for works done in relation to the rehabilitation and upgrading of some of the Damascus International Airport facilities in Syria which was substantially completed by the Company previously.

On 20 February 2024, DIAC issued an award in favour of the Company for the sum of Euro 8.8 million (RM45.6 million) plus interest costs from the date of the award until full payment and legal costs. The court of Cassation in Dubai has on 25 September 2024 dismissed SCAA's appeal to nullify the award, thereby rendering the award final.

In regard to SCAA's Claim in Syria Court, the Council of State Administrative Court ("CSAC") of Syria awarded SCAA the sum of Euro 3.172 million (approximately RM16.0 million) to be paid by the Company ("Award"). The Company's application to nullify the Award and a petition for review was dismissed by the Supreme Administrative Court of Syria.

30.2 *Toyo Thai Malaysia Sdn Bhd ("TTML") v Muhibbah Engineering (M) Bhd ("the Company")*

The Company has commenced arbitration proceedings against TTML and issued a demand letter to TTML's parent company, TTCL Public Company Limited ("TTCL"), for an outstanding sum of approximately RM157.3 million which includes but is not limited to the value of work done pursuant to re-measurement of the actual quantities of work, change orders and all relevant claims.

The Company is also refuting TTML's counterclaim against the Company for an amount of approximately RM28.6 million as it is not in compliance with the conditions of the contract.

The arbitration hearing has concluded, and all Parties have filed their submissions. The Parties are now awaiting the delivery of the arbitral award.

30.3 *Additional tax assessment from the Inland Revenue Board of Malaysia ("IRB")*

The Inland Revenue Board of Malaysia ("IRB") has issued notices of assessment for tax liability amounting to RM23.0 million (Company: RM12.0 million) to the Company and one of its wholly owned subsidiaries for previous years of assessment by disallowing tax deduction on accruals made for project costs incurred and the related group tax relief for the subsidiary.

The Company and its subsidiary filed application for judicial review at the Kuala Lumpur High Court for an order to quash the notices of assessment. On 1 April 2024, the High Court held that the matters should be heard at the Special Commissioners of Income Tax ("SCIT").

The solicitors are of the view that there is a good chance in appealing on this as High Court decisions are not in line with the earlier decisions made by both Court of appeal ("COA") and Federal Court that this matters are to proceed to judicial review proceedings at the High Court instead of SCIT. MEB Group appealed against this decision to the COA. The hearing in the COA is fixed on 23 October 2025 while the SCIT hearing is fixed in May 2025.



Notes to the Financial Statements (*cont'd*)

31. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 5) and its associates (see Note 6).

The significant related party transactions of the Group and of the Company, other than key management personnel compensation are as follows:

	Company	
	2024 RM'000	2023 RM'000
Significant transactions with subsidiaries:		
Gross dividend income	(18,555)	(13,293)
Purchase of materials and services	836,789	347,452
Rental expense	4,652	8,825
Rental income	(840)	(840)
Interest income	-	(18,203)
Sale of property, plant and equipment	(46)	(15,148)
Purchase of property, plant and equipment	13,579	1,277
Shared services	(2,000)	(1,800)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Significant transactions with associates:				
Gross dividend income	(77,077)	(7,200)	(8,650)	(7,200)
Technical assistance fee	(12,852)	(12,886)	(12,852)	(12,886)
Interest income	(2,044)	-	(2,044)	-
Sale of goods	(31,584)	(28,118)	-	-

The above transactions have been entered into the normal course of business and have been established under negotiated terms.

The outstanding net amounts due from/(to) subsidiaries and associates as at 31 December 2024 are disclosed in Note 7 and Note 16 respectively.



32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions or expansion plans of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

33. Significant events after the financial year

- (a) On 27 March 2025, MEB and ITSK ("MEB Group") had acquired and holds a accumulated total of 16,938,000 Master-Pack Group Berhad ("MPGB") shares, representing 31% equity interest in MPGB with total cost of RM62.3 million and MPGB becomes an associated company of MEB Group accordingly.
- (b) On 27 March 2025, Société Concessionnaire de l' Aéroport ("SCA") an associate of the Company signed a settlement agreement with the Royal Government of Cambodia for the compensation for SCA's investments for Phnom Penh International Airport ("PPIA"). The settlement amount is USD140 million, of which USD56.1 million was received by SCA in March 2025.

On the same day, SCA also entered into a Management Service Agreement ("MSA") with Cambodia Airport Investment Co. Ltd to manage and operate the new Techo International Airport ("TIA") for a duration of 15 years.



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

In the opinion of the Directors, the financial statements set out on pages 58 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2024 and of their financial performance and cash flows for the year then ended.

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

.....
Mac Ngan Boon @ Mac Yin Boon
Klang, Selangor Darul Ehsan
Date: 15 April 2025

.....
Mac Chung Jin

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

I, Lee Poh Kwee, MIA Membership Number: 8033, the Director primarily responsible for the financial management of Muhibbah Engineering (M) Bhd., do solemnly and sincerely declare that the financial statements set out on pages 58 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Klang, in Selangor Darul Ehsan on 15 April 2025.

.....
Lee Poh Kwee

Before me

Nadzrul Azali Bin Abdul Aziz
Pesuruhjaya Sumpah Malaysia
(No. B548)



Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Muhibbah Engineering (M) Bhd., which comprise the statements of financial position of the Group and of the Company as at 31 December 2024, 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 58 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue and profit recognition for construction contracts Refer to Note 20 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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.</p> <p>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.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">(i) Read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised;(ii) Testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements;



Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (*cont'd*)

Key Audit Matters (*cont'd*)

Revenue and profit recognition for construction contracts Refer to Note 20 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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 subcontractor cost and construction issues.</p> <p>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.</p> <p>The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.</p> <p>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.</p>	<p>(iii) Assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and costs incurred on variation orders;</p> <p>(iv) Assessing the reasonableness of percentage of completion by comparing to certification by external parties;</p> <p>(v) Assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses; and</p> <p>(vi) Assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards.</p>
Investments in associates Refer to Note 6 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The major associate is audited by a component auditor of the Group. In the context of our audit of the Group's consolidated financial statements, we have identified revenue recognition amongst others as key audit matter. Revenue is a presumed fraud risk area in the financial statements. Thus, the risk of material misstatement may be high and a good degree of professional scepticism is necessary.</p> <p>Given the significant risk involved when auditing revenue, we have reviewed the component auditor's working papers to ensure sufficient audit procedures had been performed, and the associate's revenue recognition policy was consistent with the accounting standards and has been applied consistently.</p>	<p>We have communicated with the major associate's component auditor and discussed the significant audit risks relating to revenue and have reviewed their working papers and discussed with them the results of their work. The audited financial information of the component auditor is used as evidence in the Group audit.</p> <p>The procedures performed by the component auditor on revenue included:-</p> <p>(i) Performing test on the operating effectiveness of the associate's controls relevant to recognition of revenue;</p> <p>(ii) Performing sales transaction test to ensure the accuracy and validity of revenue recognised; and</p> <p>(iii) Performing sales cut off test to ensure revenue is recognised in the proper accounting period.</p>



Key Audit Matters (cont'd)

Recoverability of trade receivables and contract assets Refer to Note 7 and Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Trade receivables and contract assets are major components of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the trade receivables and contract assets carried at amortised cost are credit-impaired. The Group has applied simplified method to determine the allowance for impairment of trade receivables and contract assets. The expected credit loss model involves the use of various assumptions, economic factors and historical credit behaviour of trade receivables.</p> <p>We identified the expected credit loss on trade receivables and contract assets as a key audit matter due to estimation and judgements significantly used by management in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> (i) Evaluating the methodologies of expected credit loss model developed by the Group; (ii) Testing the accuracy and completeness of the underlying data used in the model and the arithmetical accuracy of the calculation of expected credit loss; (iii) Challenging the reasonableness of the key assumptions and judgements used to calculate the likelihood of default and estimation on the adequacy of the Group's expected credit loss allowance on trade receivables and contract assets; (vi) Reviewing recoverability of major receivables including but not limited to the review of subsequent collections; (v) Reviewing collections and sales trends during financial year of major receivables; and (vi) Reviewing the status of contract performance and certification of work performed by contract customers or independent third parties. <p>In addition to the above, we have also included the following procedures for those trade receivables and contract assets under litigation and arbitration:</p> <ul style="list-style-type: none"> (i) Reviewing the legal documents; (ii) Obtaining confirmation updates from legal counsel regarding the status and opinion of the litigation and arbitration; (iii) Assessing legal counsel's opinion; (iv) Performing subsequent event reviews; (v) Considering contingent liabilities; and (vi) Reviewing the appropriateness of disclosures in the financial statements.
Net Realisable Value of Inventories under Work-In-Progress Refer to Note 11 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Inventories are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the inventories are carried at the lower of costs and net realisable value. There are significant degrees of management's assumptions and estimates used for determining the net realisable value, including the stage of completion, expected costs to complete, and expected selling price.</p> <p>Possible changes in judgments and related estimates of the net realisable value may result in material adjustments to the inventories' carrying amounts.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> (i) Reviewing whether inventories are carried at lower of costs and net realisable value; (ii) Evaluating the qualifications, objectivity and competency of the independent external valuer engaged in the valuation of the vessels and assessed the reasonableness of the assumptions used in arriving at the valuation; (iii) Assessing the methodologies used by the independent external valuer to estimate the net realisable value of the vessels; and (iv) Assessing the adequacy of write-down of inventories.



Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (*cont'd*)

Key Audit Matters (*cont'd*)

Goodwill impairment Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2024, the Group has goodwill of RM75.283 million for the acquisition of the Intelligent Automation Group.</p> <p>This is an area of focus given the materiality of the Group's goodwill balances and the inherent subjectivity in impairment testing.</p> <p>The judgement in relation to goodwill impairment relates primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the long-term business plans.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> (i) Making enquiries and challenging the management on the key assumptions made, including the consistent application of management's methodology, the achievability of the business plans, assumptions in relation to terminal growth in the business at the end of the plan period, and revenue growth, operating margin and discount rates; (ii) Evaluating the reasonableness of the management's estimate of expected future cash flows by taking into consideration the past performance of the Intelligent Automation Group; (iii) Performing sensitivity analysis to assess the impact on the recoverable amount of the cash generating units; and (iv) Reviewing the adequacy of disclosure of goodwill in the financial statements.

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.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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.



Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (*cont'd*)

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

15 April 2025

Ung Voon Huay
03233/09/2026 J
Chartered Accountant



Top 10 Properties List

as at 31 December 2024

NO	LOCATION	DESCRIPTION OF PROPERTY	YEAR OF REVALUATION	TENURE	LAND AREA	AGE OF BUILDING	CARRYING VALUE RM'000
1	HS(D) 99546, LOT 104625, TELOK GONG, MUKIM & DISTRICT OF KLANG, SELANGOR	OFFICE BUILDING AND FACTORY	2020	LEASEHOLD EXPIRING 2103	148,400 SQ. M.	18 YEARS	131,240
2	HAKMILIK 75336, LOT 104505, MUKIM & DISTRICT OF KLANG, SELANGOR	OFFICE BUILDING, FACTORY AND WAREHOUSE	2020	LEASEHOLD EXPIRING 2106	86,937 SQ. M.	28 YEARS	82,434
3	HAKMILIK 109115, LOT 104623, TELOK GONG, MUKIM & DISTRICT OF KLANG, SELANGOR	OFFICE BUILDING AND FACTORY	2023	LEASEHOLD EXPIRING 2093	105,200 SQ. M.	1 YEAR	25,517
4	28, YARRUNGA STREET, PRESTONS, NSW 2170, AUSTRALIA	OFFICE BUILDING AND FACTORY	2022	FREEHOLD	11.6 ACRES	54 YEARS	184,710
5	HS(D) 99547, LOT 104626, TELOK GONG, MUKIM & DISTRICT OF KLANG, SELANGOR	FACTORY BUILDING AND WORKSHOP	2020	LEASEHOLD EXPIRING 2103	52,490 SQ. M.	14 YEARS	48,918
6	GERAN # 51011, LOT 31814 & GERAN # 51020, LOT 31792, MUKIM OF SENAWANG, SEREMBAN, NEGERI SEMBILAN	FACTORY BUILDING WITH OFFICE BLOCK	2022	FREEHOLD	68,846 SQ. M.	19 YEARS	41,327
7	GERAN MUKIM 17872, LOT 69222, MUKIM KAPAR, DISTRICT OF KLANG, SELANGOR	OFFICE BUILDING AND FACTORY	2022	FREEHOLD	18,207 SQ. M.	42 YEARS	37,555
8	HAKMILIK 6322, LOT 129073, TELOK GONG, MUKIM & DISTRICT OF KLANG, SELANGOR	FACTORY BUILDING AND WORKSHOP	2020	LEASEHOLD EXPIRING 2104	30,889 SQ. M.	10 YEARS	26,948
9	GERAN # 26559, LOT 9895, KG. JAWA, MUKIM & DISTRICT OF KLANG, SELANGOR	OFFICE BUILDING AND FACTORY	2022	FREEHOLD	5.1 ACRES	25 YEARS	22,507
10	7 AL, NORDKRANVEJ 2, 3540, LYNGE DK DENMARK	FACTORY BUILDING WITH OFFICE BLOCK	2022	FREEHOLD	59,525 SQ. M.	54 YEARS	16,572
TOTAL							617,728



Statistics of Shareholdings

as at 2 April 2025

Share Capital

Total Number of Issued Shares : 729,237,818* shares
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital*
1 - 99	303	3.854	4,425	0.001
100 - 1,000	1,037	13.188	660,222	0.091
1,001 - 10,000	3,720	47.310	18,983,085	2.603
10,001 - 100,000	2,229	28.348	71,991,692	9.872
100,001 - 36,321,039**	573	7.287	566,386,694	77.668
36,321,040 and above***	1	0.013	71,211,700	9.765
Total	7,863	100.000	729,237,818	100.000

Notes:

* Excluding a total of 1,783,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.

** Less than 5% of issued shares

*** 5% and above of issued shares

Directors' Shareholdings as per Register of Directors' Shareholders as at 2 April 2025

Name	Direct Interest (a)	%*	Indirect/ Deemed Interest (a)	%*
Mac Ngan Boon @ Mac Yin Boon	123,638,124	16.954	29,943,750 ^(a)	4.106
Mac Chung Jin	9,990,000	1.370	75,000 ^(a)	0.010
Lee Poh Kwee	10,212,308	1.400	975,000 ^(a)	0.134
Mazlan bin Abdul Hamid	500,000	0.069	-	-

Notes:

(a) Deemed interested by virtue of the shares held by his/her spouse and/or children pursuant to Section 59(1)(c) of the Companies Act 2016.

* Excluding a total of 1,783,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.



Shares in related corporation

The interest of the Company's Directors in related companies are disclosed in the Directors' Report for the year ended 31 December 2024 enclosed in this Annual Report.

Options in the Company

The employee's share options held by the Directors in the Company are disclosed in Directors' Report for the year ended 31 December 2024 enclosed in this Annual Report.

Substantial Shareholders' as per Register of Substantial Shareholders as at 2 April 2025

Name	Direct Interest (a)	%*	Indirect/ Deemed Interest (a)	%*
Mac Ngan Boon @ Mac Yin Boon	123,638,124	16.954	-	-

Notes:

* Excluding a total of 1,783,000 shares purchased by the Company and retained as treasury shares as at 2 April 2025.

^(a) The substantial shareholders' shareholdings shown above are based on notice of interest of substantial shareholders pursuant to Section 138 and 141 of the Companies Act 2016, which had been received by the Company.



Statistics of Shareholdings as at 2 April 2025 (cont'd)

List of 30 Largest Shareholders as at 2 April 2025

No.	Names	Shareholdings	%
1	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	71,211,700	9.765
2	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon (551002)	23,218,208	3.184
3	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (6000009)	21,492,100	2.947
4	Maybank Securities Nominees (Tempatan) Sdn Bhd For Ooi Sen Eng	21,321,099	2.924
5	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	20,650,000	2.832
6	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	17,907,100	2.456
7	Maybank Securities Nominees (Tempatan) Sdn Bhd For Chew Keng Siew	15,326,250	2.102
8	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 22)	13,731,566	1.883
9	Universal Capital Resources Sdn Bhd	13,494,450	1.850
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (6001069)	12,301,000	1.687
11	Lembaga Tabung Haji	12,278,700	1.684
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	11,500,000	1.577
13	DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-cap Fund	10,356,700	1.420
14	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Chung Jin	9,990,000	1.370
15	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap (6001071)	9,114,500	1.250



List of 30 Largest Shareholders as at 2 April 2025 (cont'd)

No.	Names	Shareholdings	%
16	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA For Fidelity Funds Pacific	8,742,000	1.199
17	Universal Trustee (Malaysia) Berhad KAF Core Income Fund	8,266,900	1.134
18	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Chung Hui	8,107,500	1.112
19	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Poh Kwee	8,042,900	1.103
20	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM KAF) (446190)	7,961,900	1.092
21	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	6,806,800	0.933
22	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Ngan Boon @ Mac Yin Boon	6,776,416	0.929
23	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,385,600	0.876
24	Noriyati Binti Hassan	6,356,000	0.872
25	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Chung Lynn	6,000,000	0.823
26	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Eastspringesg)	5,582,200	0.765
27	Ho Shu Keong	5,000,000	0.685
28	Citigroup Nominees (Asing) Sdn Bhd UBS AG	4,966,823	0.681
29	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LGF)	4,885,100	0.669
30	HSBC Nominees (Asing) Sdn Bhd Societe Generale Paris	4,766,000	0.653
		382,539,512	52.457



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting (“AGM”) of Muhibbah Engineering (M) Bhd (“MEB” or the “Company”) will be held at Concorde Hotel Shah Alam, Concorde I, Level 2, 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on **Thursday, 26 June 2025 at 2.00 p.m.** for the purpose of considering and if thought fit, passing the following resolutions:-

As Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 and the Reports of the Directors and Auditors thereon. | Please refer to
(Explanatory Note 1) |
| 2. To approve the declaration of a first and final tax-exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2024. | Ordinary Resolution 1 |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 85 of the Constitution of the Company:-
(i) Dato’ Mohamad Kamarudin bin Hassan;
(ii) Mr. Mac Ngan Boon @ Mac Yin Boon; and
(iii) Ms. Lee Poh Kwee. | Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4
(Explanatory Note 2) |
| 4. To approve the payment of Directors’ fees and benefits payable up to an amount of RM1,500,000.00 from 27 June 2025 until the next AGM of the Company. | Ordinary Resolution 5
(Explanatory Note 3) |
| 5. To re-appoint Messrs Crowe Malaysia PLT as the Company’s Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

As Special Business

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

- | | |
|---|--|
| 6. Authority for Dato’ Mohamad Kamarudin bin Hassan to continue in office as Independent Director of the Company | Ordinary Resolution 7
(Explanatory Note 4) |
|---|--|

“**THAT** authority be and is hereby given for Dato’ Mohamad Kamarudin bin Hassan, who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue act as an Independent Director of the Company until the conclusion of the next AGM, in accordance with the Malaysian Code on Corporate Governance.”



7. Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016

Ordinary Resolution 8
(Explanatory Note 5)

“THAT subject to Section 75 of the Companies Act 2016 (“the Act”) and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”) **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Act.

THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Article 47 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion as their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

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 any other forms of distribution that which may be declared, made, or paid before the date of allotment of such new shares.”

8. Proposed Renewal of Authority for Share Buy-Back

Ordinary Resolution 9
(Explanatory Note 6)

“THAT subject to the requirements of the Main Market Listing Requirements of Bursa Securities, the Act, and the Constitution of the Company, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company through Bursa Securities (“Proposed Share Buy-Back”), as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued share capital of the Company at any point in time; and
- (ii) the funds allocated by the Company for the Proposed Share Buy-Back shall not exceed the aggregate retained profits of the Company; and
- (iii) the authority conferred by this resolution shall continue to be in force until:-
 - (a) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, whether unconditionally or subject to conditions; or



Notice of Annual General Meeting (*cont'd*)

- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first.

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in the following manner:-

- (a) cancel all the shares so purchased; and/or
- (b) retain the shares so purchased as treasury shares, for distribution as share dividends to the shareholders and/or resell on the market of Bursa Securities; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back with full power to assent to any modifications and/or amendments as may be required by the relevant authorities.”

9. **Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 10
(Explanatory Note 7)

“**THAT** subject to the Main Market Listing Requirements of Bursa Securities, approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.1.2 of the Statement/Circular to Shareholders (“Circular”) dated 29 April 2025 provided that such transactions are undertaken in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company (“Proposed Shareholders' Mandate”).

THAT the Proposed Shareholders' Mandate conferred by this resolution shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the Proposed Shareholders' Mandate is renewed; or



- b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by a resolution passed by the Company's shareholders in a general meeting,

whichever is the earliest.

AND THAT the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

- 10. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

IRENE CHOE MEE KAM @ IRENE CHOW MEE KAM (SSM PC No. 202008003930) (MIA 16775)
TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)
Company Secretaries

Selangor Darul Ehsan
29 April 2025



Notice of Annual General Meeting (*cont'd*)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 60(d) or (e) of the Constitution of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors as at 17 June 2025 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

Notes:

1. *A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.*
2. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
3. *Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM:*
 - i. *In hardcopy form*
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - ii. *By electronic means*
The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.
5. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*



6. *For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*
 - i. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
 - ii. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, resolutions set out in this Notice will be put to vote by way of poll.*

Explanatory Notes to the Agenda

1. Agenda Item 1 - Audited Financial Statements for the Financial Year Ended 31 December 2024

The Audited Financial Statements in Agenda 1 is intended for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence is not put forward for voting.

2. Ordinary Resolutions 2, 3, and 4: Re-election of Directors

The profiles of the Directors who are standing for re-election under item 3 of this Agenda are set out in the Board of Directors' profile of the Annual Report 2024.

Based on the recommendation of Nominating Committee, the Board is satisfied with the performance and contributions of the following Directors and supports the re-election based on the following justifications:-

(a) Re-election of Dato' Mohamad Kamarudin bin Hassan as Director

In accordance with Article 85 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Dato' Mohamad Kamarudin bin Hassan, who was appointed as a Director of the Company on 15 May 2014, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Fifty-Second AGM.

Shareholders' approval is sought for the re-election of Dato' Mohamad Kamarudin bin Hassan, Ordinary Resolution 2. The profile of Dato' Mohamad Kamarudin bin Hassan listed in the Profile of Directors section.

(b) Re-election of Mr. Mac Ngan Boon @ Mac Yin Boon as Director

In accordance with Article 85 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Mr. Mac Ngan Boon @ Mac Yin Boon, who was appointed as a Director of the Company on 22 May 1973, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered himself for re-election at the Fifty-Second AGM.

Shareholders' approval is sought for the re-election of Mr. Mac Ngan Boon @ Mac Yin Boon, Ordinary Resolution 3. The profile of Mr. Mac Ngan Boon @ Mac Yin Boon listed in the Profile of Directors section.



Notice of Annual General Meeting (*cont'd*)

(c) Re-election of Ms. Lee Poh Kwee as Director

In accordance with Article 85 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall then be eligible for re-election. Ms. Lee Poh Kwee, who was appointed as a Director of the Company on 15 May 2014, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered herself for re-election at the Fifty-Second AGM.

Shareholders' approval is sought for the re-election of Ms. Lee Poh Kwee, Ordinary Resolution 4. The profile of Ms. Lee Poh Kwee listed in the Profile of Directors section.

3. Ordinary Resolution 5: Approval for payment of Directors' fees and benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the forthcoming Fifty-Second AGM on the Directors' fees and benefits under Ordinary Resolution 5. The Directors' benefits comprise meeting allowances, travelling allowances and other benefits such as directors' and officers' liability insurance.

4. Ordinary Resolution 6: Authority for Dato' Mohamad Kamarudin bin Hassan to continue in office as Independent Director of the Company

Dato' Mohamad Kamarudin bin Hassan ("Dato' Kamarudin") was appointed as Independent Director of the Company on 15 May 2014 and has served for a cumulative term of more than nine (9) years. In accordance with the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Nominating Committee and Board of Directors of the Company, after having assessed the independence of Dato' Kamarudin, consider him to be independent based on amongst others, the following justifications and recommend that Dato' Kamarudin be retained as Independent Director of the Company:-

- (a) He has met the independence criteria set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and therefore, he would be able to give independent opinion to the Board;
- (b) Being director for more than nine (9) years has enabled him to contribute positively during deliberations/discussions at meetings as he is familiar with the operations of the Company and possess tremendous insight and knowledge of the Company's operations;
- (c) He has contributed sufficient time and exercised due care during his tenure as Independent Directors;
- (d) He has discharged his professional duties in good faith and also in the best interest of the Company and shareholders;
- (e) He has vigilantly safeguarded the interests of the minority shareholders of the Company;
- (f) He has the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner;
- (g) He has never compromised on his independent judgement;
- (h) He has provided objective views on the performance of the Executive Directors and Management in meeting the agreed goals and objectives; and
- (i) He has ensured that there were effective checks and balances in Board proceedings.

Dato' Kamarudin had abstained from deliberations and decision on his retention as Independent Director at the relevant Board Meetings.

Pursuant to the MCCG, the Company would adopt a two-tier voting process in seeking the annual shareholders' approval to retain Independent Director beyond nine (9) years for best practice of corporate governance.



5. Ordinary Resolution 8: Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016

For Ordinary Resolution 8, Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016 if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The purpose of this general mandate is for possible fund raising exercise but not limited to further placing of the shares for purpose of funding investment(s), working capital and/or acquisitions at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organize a general meeting. This authorization will expire at the conclusion of the next AGM of the Company.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Article 47 of the Company's Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

This general mandate is a renewal of the mandate obtained from the shareholders at the AGM of the Company held on 12 June 2024. The Company did not exercise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

6. Ordinary Resolution 9: Proposed Renewal of Authority for Share Buy-Back

For Ordinary Resolution 9, the detailed information on the Proposed Renewal of Authority for Share Buy-Back Authority is set out in the Statement/Circular to Shareholders dated 29 April 2025.

7. Ordinary Resolution 10: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For Ordinary Resolution 10, the detailed information on the Proposed Shareholders' Mandate is set out in the Statement/Circular to Shareholders dated 29 April 2025.

Personal data privacy:

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

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Muhibbah Engineering (M) Bhd

Registration No.: 197201001137 (12737-K) (Incorporated in Malaysia)

Number of Shares Held	CDS Account Number

PROXY FORM

*I/*We _____
(Full name as per NRIC/Certificate of Incorporation in Capital Letters)

NRIC No. /Passport No. /Registration No. _____

of _____
(Full address)

being a member/members of **Muhibbah Engineering (M) Bhd ("the Company")**, hereby appoint Mr/Ms _____

_____ NRIC No./Passport No. _____

of _____
(Full address)

with Email Address _____ Mobile No. _____

AND Mr/Ms _____

NRIC No. /Passport No. _____

of _____
(Full address)

with Email Address _____ Mobile No. _____

OR failing whom, the Chairman of the Meeting as *my/*our proxy/proxies to participate, speak and to vote for *me/*us on *my/*our behalf at the Fifty-Second Annual General Meeting of the Company which will be held at Concorde Hotel Shah Alam, Concorde I, Level 2, 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 26 June 2025 at 2.00 p.m. and at any adjournment thereof.

The Proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

Proxy 1	%	Proxy 2	%	100%
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*My/*Our proxy(ies) is/are to vote as indicated below:-

Ordinary Resolution No.	Ordinary Business	For	Against
1.	To approve the declaration of a first and final tax-exempt dividend of 3.0 sen per ordinary share.		
2.	To re-elect Dato' Mohamad Kamarudin bin Hassan as Director of the Company.		
3.	To re-elect Mr. Mac Ngan Boon @ Mac Yin Boon as Director of the Company.		
4.	To re-elect Ms. Lee Poh Kwee as Director of the Company.		
5.	To approve the payment of Directors' fees and benefits payable up to an amount of RM1,500,000.00 from 27 June 2025 until the next Annual General Meeting of the Company.		
6.	To re-appoint Messrs Crowe Malaysia PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	Authority for Dato' Mohamad Kamarudin bin Hassan to continue in office as Independent Director of the Company.		
8.	Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016.		
9.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
10.	To approve the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with (X) on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this day of 2025

[*Delete if not applicable]

[Signature/Common Seal of Shareholder(s)]

Notes:

- A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
 - Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
 - Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
 - The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must reach the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM:
 - In hardcopy form**
The Proxy Form may be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01 Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic means**
The Proxy Form can be electronically lodged with the Company's Share Registrar via the TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes for the AGM on the appointment and registration of proxy for the AGM.
 - Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote.
- A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at the drop in box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or,
 - any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
 - Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, resolutions set out in this Notice will be put to vote by way of poll.
- Personal data privacy:**
- By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Affix
Stamp
Here

Muhibbah Engineering (M) Bhd

197201001137 (12737-K)

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

