

ANNUAL REPORT
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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)

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

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

Madzri bin Ab. Rahman
(Independent Non-Executive Director)

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

Audit Committee

Dato' Sri Khazali bin Haji Ahmad (Chairman)
Dato' Khodijah binti Abdullah
Madzri bin Ab. Rahman

Company Secretaries

Irene Choe Mee Kam @ Irene Chow Mee Kam
(SSM PC No. 202008003930) (MIA 16775)
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: Muhibbah
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
Email: ir@muhibbah.com.my

Website

www.muhibbah.com
www.favellefavco.com

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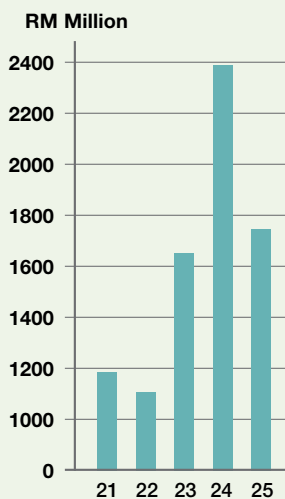


Provision of Engineering, Procurement, Construction and Commissioning (EPCC) of Bindu A for Petronas Carigali

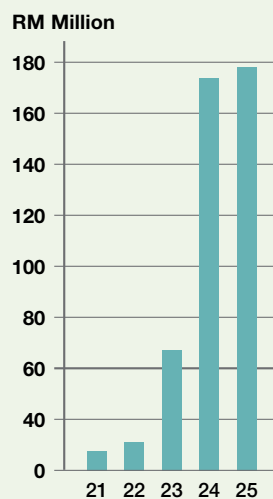
Group Financial Highlights

	2021	2022	2023	2024	2025
Turnover (RM'000)*	1,189,858	1,124,201	1,638,782	2,389,502	1,760,542
Profit/(Loss) Before Tax (RM'000)	15,900	24,310	66,575	173,307	177,860
Profit/(Loss) After Tax (RM'000)	2,499	5,720	36,407	143,424	129,049
Profit/(Loss) After Tax and Non-controlling Interest (RM'000)	(3,416)	(17,880)	(7,982)	79,996	80,331
Total Equity Attributable to Owners of the Company (RM'000)	1,102,406	1,259,331	1,290,531	1,355,200	1,407,527
Share Capital (RM'000)	306,602	426,474	426,770	428,320	429,601
Basic Earnings/(Loss) Per Ordinary Share Attributable to Owners of the Company (Sen)	(0.71)	(2.75)	(1.10)	11.00	11.00
Net Assets Per Ordinary Share Attributable to Owners of the Company (RM)	2.27	1.73	1.77	1.86	1.92

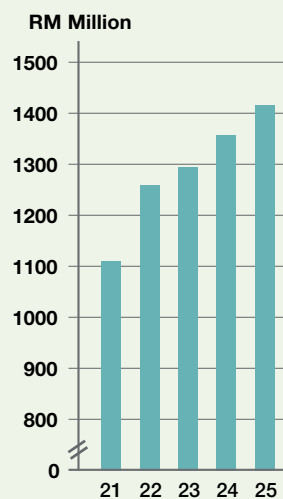
* Group revenue include Group's share of revenue of associates



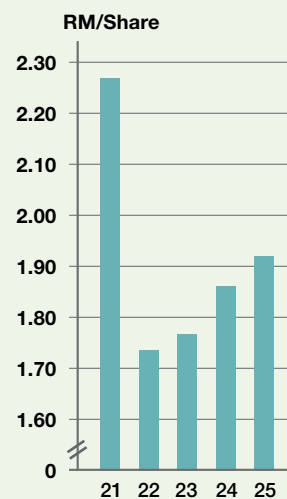
Turnover



Profit/(Loss) Before Tax



Total Equity Attributable to Owners of the Company

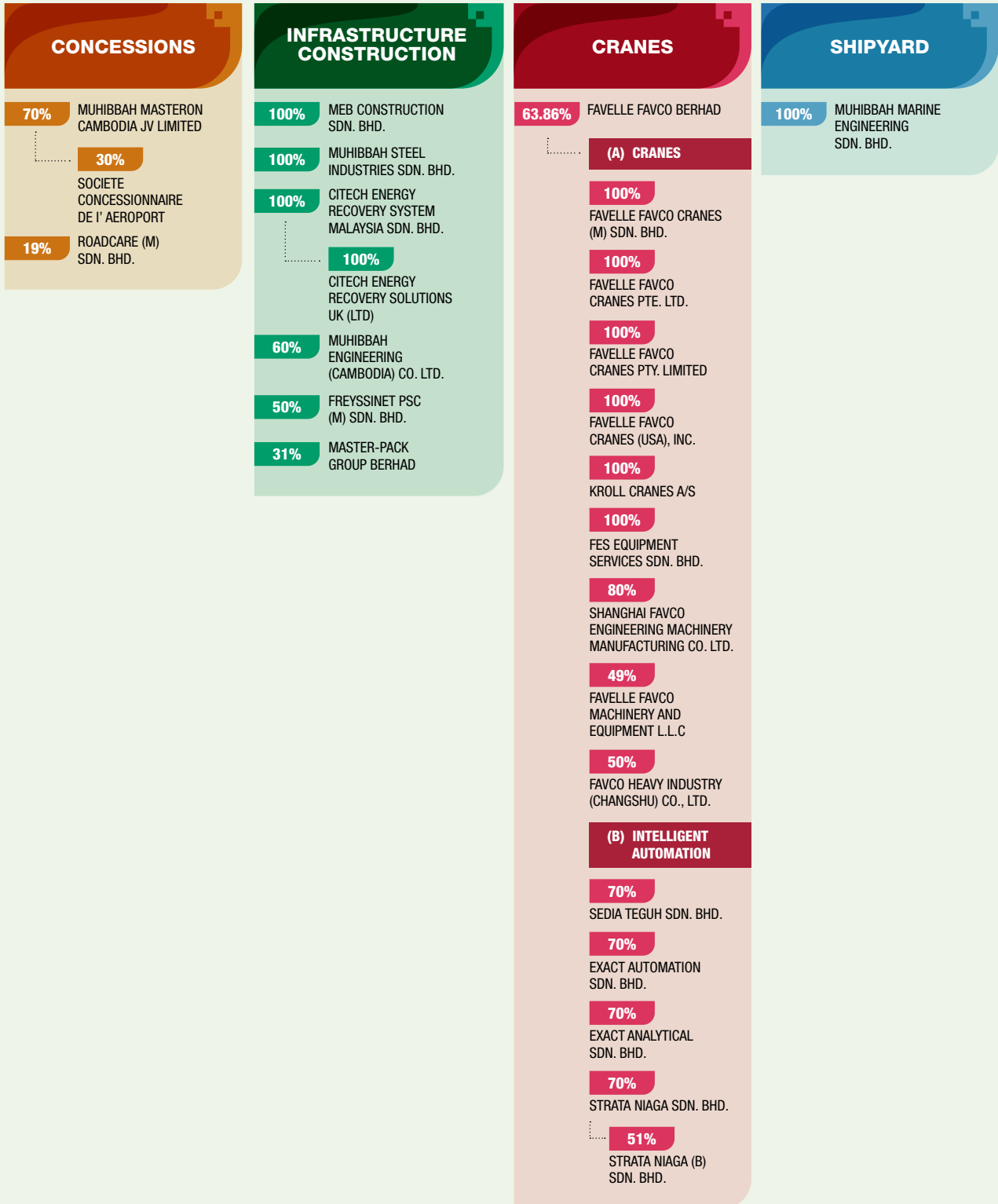


Net Assets Per Ordinary Share Attributable to Owners of the Company

Core Divisions as at 31 March 2026



MUHIBBAH ENGINEERING (M) BHD



Management Discussion and Analysis



Procurement, Construction and Commissioning (PCC) of Module 9 and Pipeline for Integrated Bekok Oil Project for Petronas Carigali

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 of Bursa Securities**”) 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, manufacturing of waste heat recovery system, highways, roads maintenance, 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.

Favelle Favco also has a 70% equity interest in an Intelligent Automation Group which provides 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 the building of offshore support vessels (“**OSVs**”), such as anchor handling tug vessels, supply vessels, crew vessels, accommodation ships, coastal vessels, work boats and barges as well as 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 for O&G industries.

Mission and Strategies

The Group’s long term vision is to be an infrastructure and O&G construction and manufacturing solutions provider. Such vision also includes becoming a heavy-lifting crane manufacturer and an automation service provider for the global O&G and commercial sectors, in addition to operating concessions that generate recurring income.

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

Management discussion and Analysis

Market Overview in 2025

In October 2025, the World Economic Outlook, International Monetary Funds (“IMF”), revised its 2025 global economic growth forecast to remain moderate at approximately 3.2%, supported by moderate global conditions, resilient demand across emerging markets and milder trade disruptions from tariffs, aided by negotiations.

In February 2026, Bank Negara Malaysia reported that Malaysia’s economy grew by 5.2% in 2025 (2024: 5.1%). Growth was supported by strong domestic consumption and favourable exports.

Review of Financial Results and Operating Activities

The Group reported lower consolidated revenue (including share of revenue from associates) of RM1.8 billion (2024: RM2.4 billion) for the financial year ended 31 December 2025, but with higher net profit before tax of RM177.8 million for financial year ended 31 December 2025 (2024: RM173.3 million) due to finalisation of claims for several projects completed during the financial year 2025.

Group’s revenue during the financial year 2025 was primarily contributed by the Construction and Engineering division, Marine division, Crane and Intelligent Automation divisions. The Concession Division recorded lower contributions following the handover of Phnom Penh International Airport and the transition to providing operations and management services to the new Techo International Airport in Kandal Province, Cambodia which serves as the new gateway to Phnom Penh.

Key Financial Highlights

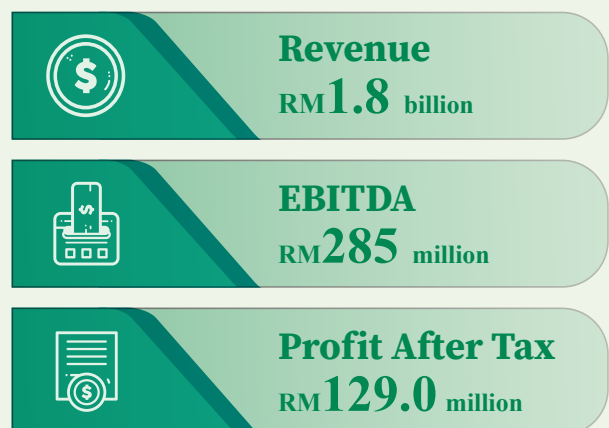
- Group’s revenue which includes revenue of associates and joint venture projects was RM1.8 billion (2024: RM2.4 billion)
- Group’s earnings before interest, depreciation, amortisation and tax (“EBITDA”) decreased to RM285 million (2024: RM297.6 million)
- Group’s net profit after tax was RM129.0 million (2024: RM143.4million)
- Group’s net earnings after tax and non-controlling interest was RM80.3 million (2024: RM80.0 million)



- Group’s basic earnings per share was 11.0 sen (2024: 11.0 sen)
- Group’s net assets per share is higher at RM1.92 (2024: RM1.86)
- Group’s net gearing has improved substantially at 0.05 times (2024: 0.18 times)

Dividend

The Board is pleased to recommend a first and final tax exempt dividend of 3.5 sen (2024: 3.0 sen) per ordinary share in respect of the financial year ended 31 December 2025, subject to the approval of the shareholders at the forthcoming Annual General Meeting.



Management Discussion and Analysis (continued)



New Techo International Airport (KTI) at Kandal, Cambodia

Courtesy of Cambodia Airport

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 2025 and the future prospects of the Group are as follows:

Concessions Division

Cambodia Airports recorded 5.5 million passengers in 2025, a 14% increase from 4.8 million in 2025, driven by market recovery.

Techo International Airport (“KTI”), located in Kandal Province, Cambodia and serving as the new gateway to Phnom Penh (Cambodia’s capital city), commenced operations on 9 September 2025, replacing Phnom Penh International Airport. Our Cambodia Airports division continue to manage and operate the new KTI under a management services agreement, besides continuing to operate and own the Sihanoukville International airport (“KOS”) in Cambodia under our existing concession agreement.

Construction and Engineering Division

Our Construction and Engineering Division generated revenue from engineering, marine infrastructure and fabrication projects undertaken during the year.

The improved profit contributions from our Construction and Engineering Division and Infrastructure Division are a result of finalisation of variation order claims for several projects. The Group continues to emphasize prudent cost management, close monitoring of project execution and effective contract administration to mitigate cost escalation risks and safeguard project margins.

In January 2026, the Company successfully secured a major contract worth approximately RM700 million to RM850 million from Petronas Carigali Sdn Bhd (“Petronas Carigali”), a subsidiary of Petroliaam Nasional Berhad (“PETRONAS”), for the Provision of Minor Engineering, Procurement and Construction (“EPC”) of Wellhead Platforms (“WHPs”) for Sepat Integrated Redevelopment Project, offshore North-East of Kuala Terengganu, Terengganu .



Lumut Maritime Terminal 2 (LMT2) for Lumut Maritime Terminal Sdn Bhd

During the financial year 2025, we substantially completed works for several key projects as follows:

- (i) Provision of Procurement, Construction and Commissioning of Module 9 and pipelines for the Integrated Bekok Oil Project, Offshore Terengganu;
- (ii) Provision of Engineering, Procurement, Construction Commissioning and Installation (“EPCCI”) of Light Weight Structure for Duyong Brownfield Modification and Host Tie-In for the Gansar Project for Petronas Carigali;
- (iii) Provision of EPCC of Bindu A (Jacket and Topside) – Package 1 for ExxonMobil Exploration & Production Malaysia Inc;
- (iv) Development of office, factory, and parking facilities at Technoplex Industrial Area, Penang for Penang Development Corporation;
- (v) Student Accommodation and Student Centre for Universiti Teknologi Petronas; and
- (vi) Noise Barrier Enclosure Package (W) for the Light Rail Transit (“LRT”) Line 3 from Bandar Utama to Johan Setia.

In addition, the Construction and Completion of Onshore Infrastructure and Offshore Facilities, inclusive of the Main Open Type Wharf, for the Lumut Maritime Terminal Expansion (Phase 2A) has been substantially completed in 2026, with ongoing variation order works.

Through our wholly-owned subsidiaries, Citech Energy Recovery Solutions Malaysia Sdn Bhd and Citech Energy Recovery Solutions (UK) Ltd (collectively, the “Citech Group”), the Group provides advanced thermal energy recovery solutions through its proprietary CiBAS technology. This innovative system captures and utilizes waste heat to improve energy efficiency and support sustainable industrial operations.

The technology is applied across offshore oil and gas platforms, Floating Production, Storage and Offloading (“FPSO”) vessels, and various industrial facilities, helping clients convert waste heat into usable energy. CiBAS delivers measurable benefits, including reducing waste heat emissions, lowering operational energy costs by approximately 15% to 25%, enhancing equipment lifespan through optimised thermal management, and generating additional value from recovered energy.

As industries increasingly prioritize energy efficiency and emissions reduction, our Group remains confident that its CiBAS technology is positioned well to support the ongoing energy transition while creating long-term value for stakeholders.

As at 31 March 2026, the outstanding secured order book for the construction and engineering division stands at approximately RM853 million.

Management Discussion and Analysis (continued)



Favco Tower Cranes at Jeddah Tower (World Tallest Building), Jeddah, Kingdom of Saudi Arabia (KSA)



Favco Offshore Cranes for Samsung Heavy Industry, Offshore South Korea



Favco Tower Cranes for Lstock Sustainable Energy Plant, Cheshire, United Kingdom

Favelle Favco Group Review

Favelle Favco Group reported a revenue of RM787 million for 2025 (2024: RM901 million), representing a 12.65% decrease in revenue. Intelligent Automation Group posted a revenue of RM243 million in 2025

(2024: RM258 million) whilst the crane division posted a revenue of RM544 million in 2025 (2024: RM643 million). The revenue was primarily affected by a sluggish market for large cranes and a slow Malaysian O&G sector.

The year 2025 was an uneven environment for Favelle Favco Group. Certain regions of the equipment market saw some recovery whilst other regions remained sluggish, with persistent pricing pressure, particularly from lower-cost manufacturers.

For example, the U.S. market recovered well towards the end of the year whilst the Malaysian O&G sector was slow throughout the year.

Despite these headwinds, Favelle Favco Group maintained operational discipline and strategic focus, taking opportunities where possible.

A. Crane Division

The crane division had a few notable milestones throughout the year. The successful delivery of the Kroll K10000 in Korea and K6500 in Poland underscore Favelle Favco's continued leadership in high-capacity lifting solutions.

In addition, the delivery of our cranes to the Jeddah Tower project, the world's next tallest building, reinforces Favelle Favco's reputation as a trusted partner in iconic, technically challenging and large-scale developments.

These projects demonstrate Favelle Favco's capability to execute complex engineering requirements at the highest level.

Nevertheless, recognising the need to evolve in an increasingly competitive landscape, the Favelle Favco Group has intensified its focus on technology and innovation. Efforts have been directed towards integrating robotic welding within Favelle Favco Group’s manufacturing processes, while also exploring the potential applications of artificial intelligence across operations.

These initiatives are aimed at improving efficiency, enhancing product quality, reducing costs, and strengthening Favelle Favco Group’s long-term competitiveness.

B. Intelligent Automation Division

In 2025, the Intelligent Automation Group continued to demonstrate resilience and strategic execution amid a challenging and evolving market landscape, reinforcing its position as a trusted partner in automation, control systems, and digital solutions for the O&G and industrial sectors.



Telok A & B Solar Power System by Exact Automation



LV Panels

Despite these challenges, Intelligent Automation Group achieved notable success in securing high-impact and technically demanding projects including a Rejuvenation Flare project, as well as two Compressor Performance Control and Anti-Surge System upgrade projects, representing a key breakthrough in advanced turbomachinery control solutions.

Intelligent Automation Group further strengthened its position in integrated automation systems through the award of several Integrated Control and Safety Systems (“ICSS”) packages, underscoring the Intelligent Automation Group’s growing capability in delivering complex, mission-critical control systems.

The Intelligent Automation Group expanded its recurring revenue base by securing multiple long-term service and maintenance contracts, ranging from two (2) to five (5) years, which cover Programmable Logic Control (“PLC”) Safety and Fire & Gas systems, turbomachinery control & Air Compressor Equipment, enhancing revenue stability and customer relationships.

On digitalisation, the Intelligent Automation Group advanced the SEALPro Logic AI project, focusing on predictive analytics and reliability. It also invested in edge computing and intelligent control, building capabilities in predictive maintenance and process optimisation.

Other notable projects include the supply to a Total Volatile Organic Compound (“TVOC”) monitoring system. This TVOC monitoring system is to monitor the surrounding work areas for health and safety of the plant personnel.



Air Compressor & Air Dryer package of VLAP at F^ Offshore Platform by Exact Automation

Management Discussion and Analysis (continued)



Australia Warehouse Development

During the year 2025, steady progress has been made on the development of Favelle Favco Group's two (2) new logistic warehouses with a combined gross lettable area of 14,000 square metres on its existing freehold land in Sydney. Construction is advancing well, and this facility is expected to be ready by the second quarter of 2026.

As completion approaches, the Favelle Favco Group is already fielding enquiries and is optimistic that the facility will continue to attract strong interest from potential tenants to generate recurring rental income from an industry other than construction and O&G.

Favelle Favco Group's order book

Favelle Favco Group continues its strong momentum and its growth is supported by a healthy order book of RM651 million (inclusive of the Intelligent Automation Group of RM96 million) as at 31 March 2026.

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, tankers, 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, 2025 we successfully sold several OSV inventories which contributed positively to our financial performance and cash flow.

Corporate Development

During the year 2025, the Favelle Favco Group worked on the acquisition of Seram Industries SAS, a company based in France. Seram Industries SAS is involved in the manufacture of Material Handling Equilibrium Cranes and Conveyors.

This acquisition expands our capabilities into new product segments and opens access to new end markets like the Scrap Recycling industry and the Bulk Handling industry. Furthermore, it opens new geographic markets, particularly in France and the broader European region.

Future Prospects

Recent geopolitical developments, including tensions involving Iran and potential disruptions around the Strait of Hormuz, have heightened uncertainty in global energy markets and contributed to volatility in oil prices and inflationary pressures. In Malaysia, these pressures are further compounded by currency volatility, elevated domestic inflation, supply chain disruption and sector-specific challenges.

On the other hand, higher oil prices may support increased exploration, development and maintenance activities in the O&G sector, particularly in offshore developments, which could present potential opportunities for the Group in the region. Continued



infrastructure and energy related investments, both domestically and internationally, may also provide additional avenues for growth to the Group. The Group believes its established engineering expertise, proven project delivery capabilities and international market presence in the O&G sector position it well to pursue these opportunities.

Moving forward, the Group will continue to focus on strengthening project execution, enhancing operational efficiency and replenishing its order book through selective participation in projects aligned with its technical capabilities, risk management framework and financial discipline.

Barring any unforeseen circumstances, the Board remains cautiously optimistic about the Group's prospects for the financial year ahead.

Acknowledgement and Appreciation

The Board and I would like to express our sincere appreciation to all our stakeholders for their continued support, trust and confidence in the Group.

On behalf of the Group, I would also like to extend my heartfelt gratitude to Encik Sobri bin Abu, who retired as an Independent Non-Executive Director at the conclusion of the Annual General Meeting held on 26 June 2025, after serving the Board for a full twelve (12) year tenure, in line with the corporate governance requirements of Bursa Malaysia Securities Berhad regarding long-serving independent directors. The Board would like to place on record its sincere appreciation for his invaluable contributions and wishes him every success in his future endeavours.



Interior of Student Centre for Universiti Teknologi Petronas (UTP)

At the same time, I am pleased to welcome Encik Madzri bin Ab. Rahman, who joined the Board on 28 August 2025 as an Independent Non-Executive Director. We look forward to benefiting from his experience and insights as the Group continues to advance its strategic objectives.

Finally, I would like to extend my sincere appreciation to our valued customers, shareholders, bankers, business partners, subcontractors, suppliers, relevant government authorities, as well as our employees and the Group's Management for their continued support, dedication and commitment. The Group deeply values these relationships and looks forward to your continued support as we strive to achieve sustainable growth and greater excellence in the years ahead.

Mac Ngan Boon @ Mac Yin Boon
Group Managing Director

Profile of Directors

Dato' Mohamad Kamarudin bin Hassan

Aged 70, 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 of Hume Cement Industries Berhad and a Director of Trustgate Berhad.

Mac Ngan Boon @ Mac Yin Boon

Aged 82, 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 52, 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 as 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 60, Female, Malaysian

- *Group Finance Director*

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.

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 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 (continued)

Dato' Sri Khazali bin Haji Ahmad

Aged 71, Male, Malaysian

- *Independent Non-Executive Director*
- *Chairman 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. Dato' Sri Khazali was redesignated from Member of the Audit Committee to Chairman of the Audit Committee on 28 August 2025.

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. In 2011, he was appointed as Federal Secretary of the State of Sabah. His last held position before his retirement in 2017 was Director General of Customs.

He is an Executive Director of Cuscapi Berhad. He also serves as an Independent Director, Chairman of the Nomination and Remuneration Committee and a member of Audit Committee of Shangri-La Hotels (Malaysia) Berhad. He has been re-designated as the Chairman and Senior Independent Non-Executive Director of Favelle Favco Berhad. In addition, he is the Chairman of the Nominating Committee and Remuneration Committee, as well as a member of the Audit Committee 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 68, 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 Agribusiness from the University of Agriculture of Malaysia in 1981 and obtained a Diploma in Public Administration from the Institute Tadbiran Awam Malaysia (INTAN) in 1982. She further received a Master's Degree in International Taxation from the Harvard Law School and in Public Administration from the Kennedy School of Government from the 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 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 and the Malaysia-Thailand Joint Authority. 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.

Madzri bin Ab. Rahman

Aged 69, Male, Malaysian

- *Independent Non-Executive Director*
- *Member of the Audit Committee, Remuneration Committee and Nominating Committee*

Encik Madzri bin Ab. Rahman 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 28 August 2025.

Encik Madzri holds a Bachelor of Science degree in Production Technology and Production Management from Aston University, Birmingham, United Kingdom. Encik Madzri's career spans more than forty (40) years in the oil and gas industry.

He began his career with PETRONAS Carigali Sdn. Bhd. where he held various technical and leadership positions in project engineering, construction and contracting. He later joined TRENERGY Berhad as General Manager in 1997 and successfully led the conversion and operation of FPSO Perintis for PETRONAS' MASA Fields.

In 2004, he served M3nergy Berhad where he played a key role in international and domestic projects including the conversion and operation of FPSO Ratu Nusantara for PETRONAS Carigali Ketapang Ltd. in Indonesia and the conversion of FSO Ratu Songkhla for Carigali-PTTEPI Operating Company in the Malaysia-Thailand Joint Development Area. He was subsequently appointed as Chief Operating Officer of M3nergy Berhad in 2010. He later served as Chief Operating Officer of Sabah International Petroleum (SIP) in 2019 and subsequently as Head of Floating Production Unit.

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 47, 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.

Mr. Mac Chung Hui was appointed on 16 December 2022 as the Strategy Development Manager for MEB Construction Sdn. Bhd. a wholly-owned subsidiary of the Company.

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 73, 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.

Sustainability Statement Overview

Muhibbah is committed to management of sustainability-related risks and opportunities across our diverse operations. In this Sustainability Statement, we highlight our key environmental, social, and governance (“ESG”) initiatives, demonstrating our holistic integration of sustainable practice.

We recognize the dynamic nature of the sustainability landscape and consistently refine our strategies to align with global best practices. This includes investing in innovative, cleaner technologies, enhancing organizational resource efficiency, and strengthening collaborative stakeholder relationships 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.

Scope and Reporting Boundaries

This Statement encompasses Muhibbah Group’s ESG activities and performance within Malaysia for the fiscal year 2025 (1 January 2025 to 31 December 2025). We acknowledge that our crane manufacturing subsidiary, Favelle Favco Berhad (“FFB”), will report its sustainability performance separately in its Annual Report and Sustainability Statement.

Reporting Methodology and 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”).

Data Integrity and Validation

We conducted internal due diligence, engaging relevant information owners to ensure the meticulous verification of reported data. To further enhance the integrity of our sustainability disclosures, external assurance will be considered in future reports.

Appreciating Feedback

We welcome our stakeholders to provide feedback that can help refine our sustainability strategies at admin@muhibbah.com.my and info@muhibbah.com.my.

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	<ul style="list-style-type: none"> • MySIP Appreciation Award - Highest Number of Internships Offered
MEMBERSHIPS	<ul style="list-style-type: none"> • Association of Maritime Industries of Malaysia • Malaysia OSV Owners’ Association
CERTIFICATIONS	<ul style="list-style-type: none"> • ISO 14001:2015 Environmental Management Systems • ISO 9001: 2015 Quality Management Systems • ISO 45001:2018 Occupational Health & Safety Management Systems • ISO 29001:2020 Oil and Gas Quality Management Systems • ISO 30000:2009 Ship Recycling Management Systems • ISO 3834-2:2021 Quality Requirements for Fusion Welding of Metallic Materials • ISO 37001:2016 Anti-Bribery Management Systems • 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

Sustainability Statement (continued)

Muhibbah's Approach To Sustainability

Muhibbah's ESG Strategy

Our ESG Strategy, underpinned by our sustainability policy and governance frameworks, guides strategic planning and sustainability initiatives throughout our organization. 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 framework aligns with the UN SDGs, positioning us to navigate challenges and generate sustained value for all stakeholders.

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				
Stakeholder Groups	<ul style="list-style-type: none"> Regulatory Agencies Shareholders / Investors Financiers / Bankers 	<ul style="list-style-type: none"> Clients Employees 	<ul style="list-style-type: none"> Suppliers / Sub-contractors Local Communities 	

Our Environmental Policy

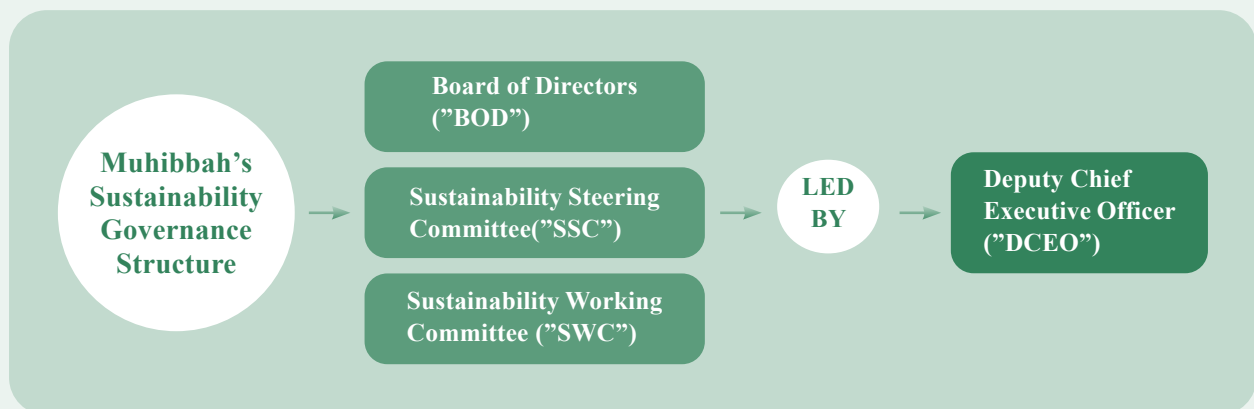
We demonstrate our pursuit towards environmental protection by implementing robust environmental management practices, ensuring full compliance with regulatory requirements, and integrating environmental responsibility into our operations through our Environmental Policy. Further to this, we also prioritise 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 in client and legal requirements;
- Ensuring conformance and commitment against the relevant environmental compliance obligations;
- Encouraging environmental sustainable concepts 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.

Sustainability Statement (continued)

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 integrated approach addresses environmental stewardship, social responsibility, and governance excellence, thereby advancing sustainable outcomes across five critical dimensions: people, planet, prosperity, peace, and partnerships for a more resilient future.

<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>3.5: Strengthen the prevention of substance abuse, including narcotic drug abuse and harmful use of alcohol</p> <ul style="list-style-type: none"> 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 <p>3.8: Achieve universal health coverage, including access to essential health-care services</p> <ul style="list-style-type: none"> We provide our employees with health benefits and medical insurance
<p>5 GENDER EQUALITY</p>	<p>5.2: Eliminate all forms of violence against all women and girls</p> <ul style="list-style-type: none"> Our Sexual Harassment Policy has been established under Clause No.16 in the Code of Ethics, Business Practice and Conduct Policies and Procedures. The Group promotes awareness on sexual harassment throughout our workplace
<p>6 CLEAN WATER AND SANITATION</p>	<p>6.3: Improve water quality by reducing pollution, minimising the release of hazardous chemicals and materials</p> <ul style="list-style-type: none"> Our Infrastructure Construction Division conducts periodic monitoring of effluent and stormwater discharge through in-situ measurements and laboratory testing, in accordance with environmental regulations
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2: Increase the share of renewable energy in the global energy mix</p> <ul style="list-style-type: none"> Solar photovoltaic (“PV”) panels have been installed at our offices as well as Shipyard
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.7: Eradicate forced labour and eliminate child labour</p> <ul style="list-style-type: none"> 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
<p>9 INDUSTRY INNOVATION & INFRASTRUCTURE</p>	<p>9.4: Upgrade infrastructure to make them sustainable, with increased resource-use efficiency</p> <ul style="list-style-type: none"> Our Infrastructure Construction Division supplies Waste Heat Recovery Units (“WHRUs”) with a low carbon footprint for retrofitting traditional WHRUs to enhance energy efficiency
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <ul style="list-style-type: none"> 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.
<p>13 CLIMATE ACTION</p>	<p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p> <ul style="list-style-type: none"> We disclosed our Scopes 1, 2 and 3 greenhouse gas (“GHG”) emissions in FY2025
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>16.5: Reduce corruption and bribery in all their forms</p> <ul style="list-style-type: none"> 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 FY2025 We have obtained the certification of the ISO 37001:2016 Anti-Bribery Management Systems

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 / INVESTORS		
<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 awards 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 party audit

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

Sustainability Statement (continued)

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.



In FY2024, we have 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

Advancing Climate Action

Muhibbah recognises the significant implication of climate change on our operations and the integrated climate-related responsibilities into the newly developed Terms of Reference (“TOR”) for the Board and the Sustainability Steering Committee (“SSC”).

The Group employs the operational control approach, as stipulated in the Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standard (2004), to systematically monitor and report Scope 1, 2 and 3 GHG emissions.

- 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.



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 FY2025, the Group recorded a **total turnover of RM1.8 billion**.

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.

90%
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.

83%
customer
satisfaction
score achieved

As part of our focus towards maintaining high standards of quality, the Group has maintained the following ISO certifications for FY2025.

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

Sustainability Statement (continued)



GOOD GOVERNANCE

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 sectors. 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.

Our updated Code of Conduct and HR policies ensure compliance with current business requirements. A new Leave Management Policy has also been implemented to streamline leave processes.

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.

IT has introduced the Password Expiry Email Notification feature starting December 10, 2025. This initiative supports our cybersecurity policy, which requires password changes every 3 months.

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

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



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, Industry Innovation, Emissions and Climate

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. The Sihanoukville International Airport has been certified Level 3 “Optimisation” accreditation from the Airports Council International (“ACI”). 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.

Our CiTech’s patented CIBAS® (Concentric, Integral, By-Pass and Silencing) Waste Heat Recovery Units (WHRU’s), has the advantage of low weight, small footprint and couple with its modular design, for retrofitting onto existing platforms or FPSOs to replace traditional WHRU or to where a gas turbine is available to increase the facilities process heat supply.

CiTech have recovered 9.4 million megawatt hours (MWh) thermal energy in year 2025 as compared to 8.1 million MWh in 2024. This is equivalent to a reduction of 2.8 thousand CO2 in kilotonne as compared to 2.4 thousand CO2 in kilotonne saved in previous year, showing our continuous contribution to the reduction of global warming and carbon dioxide.

CiTech - Energy Recovery and Carbon Reduction		
Year	Thermal energy in million megawatt hours (MWh)	Equiv. to tCO ₂ e (@0.296kg/KWh)
2024	8.06	2,387
2025	9.39	2,779

Group GHG Emissions in FY2025		
62,645 GJ total energy consumed		6,949 tCO ₂ e total GHG emissions
Scope 1	Scope 2	Scope 3
3,193 tCO ₂ e	3,730 tCO ₂ e	26.62 tCO ₂ e

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.

- 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 assesment, 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

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.

Sustainability Statement (continued)

Water 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.

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”). Monitoring is ongoing as per EIA/EMP guidelines.

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.



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

With the majority of projects reaching key completion milestones, participation in HSE recognition programmes was limited, while emergency response drills with BOMBA continued in year 2025.

Looking ahead to 2026, the Group has established plans to participate in national OSH recognition programmes, including Malaysian Society for Occupational Safety and Health (“MSOSH”), Safety and Health Assessment System in Construction (“SHASSIC”), and National Council for Occupational Safety and Health (“NCOSH”), for new projects such as Sepat Integrated Redevelopment Project.

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



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.

RM 176,571 Invested in employee training and development programmes

Sustainability Statement (continued)

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.

RM27,320
Invested in the community

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

- Donation to Machinery and Engineering Industries Federation
- Donation to Malaysia Investment Development Authority
- Donation to Persatuan Kebajikan Al-Fikrah Malaysia
- Donation to Angkatan Pertahanan Awam Malaysia
- Other donations for activities by Malaysia naval force and religious body

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.

The company will also continuously enhance its sustainability disclosures to align with Bursa Malaysia's evolving Sustainability Reporting requirements and best practices.

ESG PERFORMANCE DATA TABLE

PERFORMANCE INDICATOR	UNIT	YEAR		
		2023	2024	2025
Economic				
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	91*	93	90
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	72
· Executive	%	7*	1	87
· Non-Executive/Technical Staff	%	2*	1	7
Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	0	0
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	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	0
Environment				
Energy, Emissions and Climate Resilience				
Bursa C4(a) Total energy consumption	MWh	24,768.87*	18,974.79*	17,401.32
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	tCO2e	5,524.41	3,867.21*	3,192.98
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	tCO2e	2,241.25	2,898.76	3,729.88
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (business travel and employee commuting)	tCO2e	-	8.72	26.62
Water Management				
Bursa C9(a) Total volume of water used	ML	93.28*	195.65*	231.5
Waste and Pollution Management				
Bursa C10(a) Total waste generated	Metric tonnes	27.70	34.00*	38.48
Bursa C10(a) Total waste diverted from disposal	Metric tonnes	7.98	6.10*	7.50
Bursa C10(a) Total waste directed to disposal	Metric tonnes	19.72	27.90*	30.98
Social				
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR") – per 200,000 hours of work	Rate	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	251	284	420
Labour Practices and Standards				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
Diversity and Talent Management				
Bursa C6(a) Total hours of training by employee category				
· Management	Hours	504*	847	3449
· Executive	Hours	994*	1,666	1,981
· Non-Executive/Technical Staff	Hours	829*	1,127	841
Bursa C6(c) Total number of employee turnover by employee category				
· Male	Number	33*	76	62
· Female	Number	22*	27	34
· Management	Number	4	7	14
· Executive	Number	29	44	48
· Non-Executive/Technical Staff	Number	22	52	34
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
· Management (Men)	%	77*	76	74
· Management (Women)	%	23*	24	26
· Executive (Men)	%	63*	62	66
· Executive (Women)	%	37*	38	34
· Non-Executive/Technical Staff (Men)	%	71*	70	68
· Non-Executive/Technical Staff (Women)	%	29*	30	32
Age group by employee category				
· Management (<30)	%	0	1	0
· Management (30-50)	%	53*	54	55
· Management (>50)	%	47*	45	45
· Executive (<30)	%	29*	33	25
· Executive (30-50)	%	65*	61	67
· Executive (>50)	%	6*	6	8
· Non-Executive/Technical Staff (<30)	%	15*	12	10
· Non-Executive/Technical Staff (30-50)	%	53*	53	47
· Non-Executive/Technical Staff (>50)	%	32*	35	43
Bursa C3(b) Percentage of directors by gender and age				
Men	%	75	75	75
Women	%	25	25	25
30-50 years	%	12	0	0
>50 years	%	88	100	100
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
· Permanent	%	53*	63	76
· Contract	%	47*	37	24
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	27,320.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4 organisation/ community	3 organisation/ community	6 organisation/ community

** Data in FY2023/ FY2024 has been restated.

Sustainability Statement (continued)

Muhibbah Engineering (M) Bhd BMLR Transition Period

Date & Time: 2026-04-22 12:08:36
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
ECONOMIC Supply Chain Management	Bursa C1(a) Proportion of spending on local suppliers	%	80	—	No assurance
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	%	72	—	No assurance
GOVERNANCE Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Executive	%	87	—	No assurance
GOVERNANCE Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Non-Executive/Technical Staff	%	7	—	No assurance
GOVERNANCE Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(b) Percentage of operations assessed for corruption related risks	%	0	—	No assurance
GOVERNANCE Corporate Governance, Risk Management and Anti-Corruption	Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	—	No assurance
GOVERNANCE Data Privacy and Security	Bursa C1(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	—	No assurance
ENVIRONMENT Energy, Emissions and Climate Resilience	Bursa C4(a) Total energy consumption	MWh	10401.52	—	No assurance
ENVIRONMENT Energy, Emissions and Climate Resilience	Bursa C1(a) Scope 1 emissions	Tonnes of CO2e (BO2e)	3792.98	—	No assurance

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Muhibbah Engineering (M) Bhd
BMLR Transition Period

Date & Time: 2026-04-22 12:08:36
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
ENVIRONMENT Energy, Emissions and Climate Resilience	Bursa C11(b) Scope 2 emissions	Tonnes of CO ₂ e (tCO ₂ e)	3729.85	—	No assurance
ENVIRONMENT Energy, Emissions and Climate Resilience	Bursa C11(c) Scope 3 emissions (business travel and employee commuting)	Tonnes of CO ₂ e (tCO ₂ e)	26.62	—	No assurance
ENVIRONMENT Water Management	Bursa C9(a) Total volume of water used	M3	2315	—	No assurance
ENVIRONMENT Waste and Pollution Management	Bursa C10(a) Total waste generated	Metric Tonnes	38.48	—	No assurance
ENVIRONMENT Waste and Pollution Management	Bursa C10(a) Total waste diverted from disposal	Metric Tonnes	250	—	No assurance
ENVIRONMENT Waste and Pollution Management	Bursa C10(a) Total waste directed to disposal	Metric Tonnes	30.98	—	No assurance
SOCIAL Occupational Health and Safety	Bursa C5(a) Number of work-related fatalities	Number	0	—	No assurance
SOCIAL Occupational Health and Safety	Bursa C5(b) Lost time incident rate ("LTIR") - per 200,000 hours of work	Rate	0	—	No assurance
SOCIAL Occupational Health and Safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	420	—	No assurance
SOCIAL Labour Practices and Standards	Bursa C6(a) Number of substantiated complaints concerning human rights violation	Number	0	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C6(a) Total hours of training by employee category - Management	Hours	3449	—	No assurance

Sustainability Statement (continued)

Muhibbah Engineering (M) Bhd BMLR Transition Period

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
SOCIAL Diversity and Talent Management	Bursa CII(a) Total hours of training by employee category - Executive	Hours	1041	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(a) Total hours of training by employee category - Non-Executive/Technical Staff	Hours	641	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(c) Total number of employee turnover by employee category - Male	Number	63	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(c) Total number of employee turnover by employee category - Female	Number	34	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(c) Total number of employee turnover by employee category - Management	Number	14	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(c) Total number of employee turnover by employee category - Executive	Number	49	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(c) Total number of employee turnover by employee category - Non-Executive/Technical Staff	Number	34	—	No assurance
SOCIAL Diversity and Talent Management	Bursa CII(a) Percentage of employees by gender for each employee category - Management (Men)	%	74	—	No assurance

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Muhibbah Engineering (M) Bhd
BMLR Transition Period

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FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category - Management (Women)	%	26	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category - Executive (Men)	%	64	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category - Executive (Women)	%	34	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category - Non-Executive/Technical Staff (Men)	%	68	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by gender for each employee category - Non-Executive/Technical Staff (Women)	%	32	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group, for each employee category - Management (<30)	%	0	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group, for each employee category - Management (30-50)	%	55	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(a) Percentage of employees by age group, for each employee category - Management (>50)	%	45	—	No assurance

Sustainability Statement (continued)

Muhibbah Engineering (M) Bhd BMLR Transition Period

Date & Time: 2026-04-22_12:08:36
FYE 31/12/2025

Sustainability Mammr	Metric	Measurement Unit	2025	Target	Assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Executive (1-30)	%	23	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Executive (30-50)	%	67	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Executive (1-60)	%	8	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Non-executive/Technical staff (1-30)	%	10	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Non-executive/Technical staff (30-50)	%	47	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(a) Percentage of employees by age group, for each employee category - Non-executive/Technical staff (1-60)	%	43	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(b) Percentage of directors by gender - Men	%	75	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3)(b) Percentage of directors by gender - Women	%	25	—	No assurance

Muhibbah Engineering (M) Bhd
 BMLR Transition Period

Date & Time: 2026-04-22 12:08:36
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
SOCIAL Diversity and Talent Management	Bursa C3(b) Percentage of directors by age - 30-50 years	%	0	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C3(b) Percentage of directors by age - >50 years	%	100	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C5(c) Percentage of employees that are contractors or temporary staff - Permanent	%	76	—	No assurance
SOCIAL Diversity and Talent Management	Bursa C5(b) Percentage of employees that are contractors or temporary staff - Contract	%	24	—	No assurance
SOCIAL Community Engagement and Contribution	Bursa C3(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	27020	—	No assurance
SOCIAL Community Engagement and Contribution	Bursa C2(b) Total number of beneficiaries of the investment in communities - Organisation/community	Number	6	—	No assurance

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 2025 were as follows:

	Group RM'000	Company RM'000
Audit services	686	232
Non-audit services		
- Tax compliance	42	20
- Others	40	20
	<u>768</u>	<u>272</u>

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 2025 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 2025		18,120	12,678	30,798
Exercised		(1,770)	(801)	(2,571)
Forfeited		-	(403)	(403)
Outstanding as at 31 December 2025		16,350	11,474	27,824
Grant 2 - 17.1.2023	0.58			
Outstanding as at 1 January 2025		-	303	303
Exercised		-	(45)	(45)
Forfeited		-	-	-
Outstanding as at 31 December 2025		-	258	258
Total outstanding options unexercised as at 31 December 2025		16,350	11,732	28,082

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 2025 was 47.4%.

The above statement should be read in combination with the Audited Financial Statements of the Company in page number 124 to 126 for further details.

Other than as disclosed above, there were no warrants and convertible securities issued by the Company during the FYE 2025.

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 2025 or entered into since the end of the previous financial year ended 31 December 2024.

5. Recurrent Related Party Transactions

At the Annual General Meeting held on 26 June 2025, 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 29 April 2025. 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 2025 pursuant to the shareholders' mandate are disclosed as follows:-

Other Information (continued)

Transacting Parties	Related Party	Nature of Transactions	Actual Transaction Value for the Financial Year Ended 31 December 2025 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	6,167
		# Rental of office premise, workshop and land located at Hakmilik No. 6322, Lot 129073 and Hakmilik No. 8742, Lot 175050, Telok Gong, Mukim and District of Klang, State of Selangor by MEB Group to FFB Group, measuring 286,551 sq. ft.	970
		# Rental of plant and equipment and scaffolding service by FFB Group to MEB Group	-
		# 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 44,180 sq. ft.	1,005
		# 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	596
		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	3,139

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

6. Disclosure of Financial Data for Shariah Screening

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

		Group	
		2025	2024
Remarks		RM'000	RM'000
(a) Group Total Income and Total Assets			
Revenue		1,333,052	1,939,774
Other income		48,965	31,720
Finance income		20,797	18,068
Share of profit of associates		96,683	123,298
Total income		1,499,497	2,112,860
Total assets		3,583,792	3,604,807
(b) Business Activities			
<i>Shariah Non-Compliant Activities</i>			
Interest income		14,464	15,404
Income from disposal of Shariah non-compliant investment		76	406
Other Shariah non-compliant activities	Gain on foreign exchange	-	1,996
Total Shariah Non-Compliant income		14,540	17,806
(c) Component of Financial Position			
<i>(i) Cash Component</i>			
Islamic Account/Instruments			
Cash at bank	Include cash in hand	29,288	21,133
Deposits with licensed bank		19,915	24,611
Short-term funds		129,619	24,595
Islamic account total cash		178,822	70,339
Conventional Account/Instruments			
Cash at bank		307,717	187,486
Deposits with licensed bank		98,558	99,131
Short-term funds		198,571	214,239
Conventional account total cash		604,846	500,856

Other Information (continued)

	Group	
	2025 RM'000	2024 RM'000
(c) Component of Financial Position (continued)		
(ii) Debt Component		
Islamic Financing		
<i>Current</i>		
Bills payable	45,974	132,284
Revolving credit and loans	140,000	77,000
Amount due to associates	1,629	960
Amount due to minority shareholders	17,361	54,869
Islamic total debts	204,964	265,113
Conventional Borrowing		
<i>Current</i>		
Bills payable	294,688	237,671
Bank overdrafts	2,509	5,008
Hire purchase payables	8,654	5,372
Revolving credit and loans	169,900	140,900
Term loans	33,532	27,380
<i>Non-Current</i>		
Hire purchase payables	4,386	12,716
Term loans	146,996	173,975
Conventional total debts	660,665	603,022

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 2025.

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.

Corporate Governance Overview Statement (continued)

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			√		√					√	√
Dato' Sri Khazali bin Haji Ahmad		√	√				√	√		√	
Dato' Khodijah binti Abdullah		√	√		√			√			√
Madzri bin Ab. Rahman	√				√			√		√	
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.

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. During the financial year under review, Encik Madzri bin Ab. Rahman was appointed to the Board as an Independent Non-Executive Director on 28 August 2025, succeeding Encik Sobri bin Abu, who resigned on 26 June 2025 after serving the Company for a tenure of 12 years.

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 2025
Dato’ Mohamad Kamarudin bin Hassan	4/4
Mac Ngan Boon @ Mac Yin Boon	4/4
Dato’ Sri Khazali bin Haji Ahmad	3/4
Dato’ Khodijah binti Abdullah	4/4
Mac Chung Jin	4/4
Shirleen Lee Poh Kwee	4/4
Mazlan bin Abdul Hamid	4/4
Madzri bin Ab. Rahman*	2/2
Sobri bin Abu**	2/2

* Encik Madzri bin Ab. Rahman was appointed on 28 August 2025. He attended all the two (2) Board meetings held in the financial year ended 31 December 2025 since his date of appointment.

** Encik Sobri bin Abu resigned on 26 June 2025. He attended all two (2) Board Meeting held during his tenure of office.

Corporate Governance Overview Statement (continued)

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 meetings 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.

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 2025 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:

Members of Audit Committee	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman <i>(Independent Non-Executive Director)</i>
Dato' Khodijah binti Abdullah	Member <i>(Independent Non-Executive Director)</i>
Madzri bin Ab. Rahman	Member <i>(Independent Non-Executive Director)</i>

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:

Members of Nominating Committee	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman <i>(Independent Non-Executive Director)</i>
Dato' Khodijah binti Abdullah	Member <i>(Independent Non-Executive Director)</i>
Madzri bin Ab. Rahman	Member <i>(Independent Non-Executive Director)</i>

Corporate Governance Overview Statement (continued)

The Nominating Committee met once during the financial year 2025. 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:

Members of Remuneration Committee	Designation
Dato' Sri Khazali bin Haji Ahmad	Chairman <i>(Independent Non-Executive Director)</i>
Dato' Khodijah binti Abdullah	Member <i>(Independent Non-Executive Director)</i>
Madzri bin Ab. Rahman	Member <i>(Independent Non-Executive Director)</i>

The Remuneration Committee met once during the financial year 2025. 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, the Board comprises one (1) member, Dato' Mohamad Kamarudin bin Hassan, who will reach a cumulative tenure of twelve (12) years on 14 May 2026. Accordingly, he will be redesignated as a Non-Independent Non-Executive Director/Chairman, and will subsequently step down as Chairman of the Board upon the conclusion of the forthcoming 53rd Annual General Meeting.

Corporate Governance Overview Statement (continued)

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:-

	Name of Directors									
	Dato' Mohamad Kamarudin bin Hassan	Mac Ngan Boon @ Mac Yin Boon	Mac Chung Jin	Shirleen Lee Poh Kwee	Dato' Sri Khazali bin Haji Ahmad	Dato' Khodijah binti Abdullah	Mazlan bin Abdul Hamid	Madzri bin Ab. Rahman		
Mandatory Accreditation Programme Part II: Leading for Impact										√
Board Ethics - Growing Concerns From New Technology, Stakeholder Interests & Conflict Of Interest		√								
Driving Growth Through an Initial Public Offering: An Introduction to Singapore Exchange (SGX) and Singapore's Capital Markets			√	√						
Oil and Gas, Services and Equipment (OGSE) 100 CEOs Forum Bursa Malaysia					√					
Detecting and Deterring Financial Statement Fraud (Remote Online Learning)					√					
Recent Developments with the Bursa Securities' Listing Requirements Including Conflict Of Interest Amendments					√					
Phillip Capital 14th Investment Conference 2024					√					
Key Disclosure Obligations of A Listed Company					√					
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						√	√			

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	2,325	144	765	3,234
Non-Executive Directors	-	233	60	293
Total	2,325	377	825	3,527

Other Related Companies

	Salaries RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	180	315	45	540
Non-Executive Directors	562	155	256	973
Total	742	470	301	1,513

In compliance with practices 8.1 and 8.2 of the MCCG 2021, 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 Dato' Sri Khazali bin Haji Ahmad. 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.

Corporate Governance Overview Statement (continued)

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 convened its Fifty-Second Annual General Meeting (“AGM”) on 26 June 2025. 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.

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 52nd AGM, held on 26 June 2025, was 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 2025.

This CG Overview Statement was approved by the Board on 31 March 2026.

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 2025.

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 2025 are as follows:

Name of Committee Members	Designation	No of Committee Meetings Attended
Dato’ Sri Khazali bin Haji Ahmad ¹	Chairman (Independent Non-Executive Director)	3/4
Dato’ Khodijah binti Abdullah	Member (Independent Non-Executive Director)	4/4
Madzri bin Ab. Rahman ²	Member (Independent Non-Executive Director)	2/2
Sobri bin Abu ³	Chairman (Independent Non-Executive Director)	2/2

Note:-

1. Dato’ Sri Khazali bin Haji Ahmad redesignated from Member of the AC to Chairman of Audit Committee on 28 August 2025.
2. Encik Madzri Bin Ab. Rahman was appointed as member of the AC on 28 August 2025.
3. Encik Sobri bin Abu was resigned as a Director of the Company on 26 June 2025 and therefore, ceased as Chairman of the AC.

The Company Secretary duly recorded the issues discussed and deliberated during the four (4) AC meetings in the respective minutes of meeting. Matters of significant concern raised by the internal and external auditors were subsequently conveyed by the AC Chairman to the Board for its review and consideration.

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

Summary of Activities in 2025

The AC discharged its responsibilities in accordance with its Terms of Reference. The principal work and activities undertaken by the AC during the financial year under review were as follows:

(i) Financial Reporting and External Audit

- Reviewed the Group’s quarterly financial results announcements and year-end financial statements of the Group prior to recommending the same to the Board of Directors for consideration and approval. The AC deliberated, among other matters, on updates relating to litigation and dispute cases, material outstanding issues, secured order book, current year outlook, budgeted revenue, projected profitability and cash flow position;
- Reviewed the overall assessment of the external auditor’s performance and independence for the financial period ended 31 December 2025. Messrs Crowe Malaysia PLT who have served as the Company’s external auditor since 2010, were evaluated and recommended for re-appointment for the ensuing financial year. The financial period ended 31 December 2025 marked the eighth year of tenure for the current engagement partner;
- Reviewed and approved the external auditors’ audit plan for the financial year ended 31 December 2025 inclusive of the terms of engagement and scope of work at its meeting held on 19 November 2025;
- 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 2025 and 19 November 2025 to discuss relevant issues and obtain feedback.

- (ii) Internal Audit
- Reviewed the Group Internal Audit Department's ("GIAD") annual internal audit plan to ascertain that principal risks, key business units, and critical functions were appropriately identified and adequately addressed. The AC subsequently approved the annual internal audit plan at its meeting held on 19 November 2025;
 - Reviewed the report on recurrent related party transactions;
 - Reviewed the internal audit reports and specific review reports presented by the Internal Auditors, which included audit findings, the internal auditors' recommendations and Management's committed action plans. Where appropriate, the AC has directed the Management to strengthen and enhance internal controls in response to the audit findings and recommendations;
 - Reviewed the results of follow-up audits conducted by the Internal Auditors to assess and monitor the status of Management's implementation of the committed action plans; and
 - Evaluated the performance of GIAD's function and was satisfied that the scope of work undertaken and the competency of the audit team were adequate and appropriate.
- (iii) Reviewed the recurrent related party transactions arising within the Group on a quarterly basis to ensure that the transactions were conducted within the mandate approved by the shareholders.
- (iv) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to recommending it to the Board for approval.
- (v) Reviewed significant business issues and risks associated with the Group's project, as well as material litigations 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 2026.
- (vii) Reviewed the Company's proposed dividend proposal and recommended it to the Board for approval.
- (viii) Renewed and approved the revised Terms of Reference of the Audit Committee.

Internal Audit Function

GIAD is an in-house internal audit function of the Group and carries out its activities in accordance with the Internal Audit Charter approved by AC, which outlines 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 a member of the Institute of Internal Auditors Malaysia. She maintains regular and direct communication with the AC and has unrestricted access to the Executive Directors. She is supported by two (2) auditors who hold university degrees. All internal auditors have provided written assurance confirming their compliance with the Group's Code of Conduct and have declared that they are free from any conflicts of interest that may impair their independence and objectivity in the course of performing their audit duties.

Based on the internal audit plan approved by the AC, GIAD conducts independent assessment on the adequacy and effectiveness of the Group's system of internal control, risk management and governance processes. In carrying out its responsibilities, GIAD is guided by the International Professional Practice Framework (IPPF) and adopts a risk-based approach in performing its audit reviews. The internal audit activities are aligned with the Group's objectives and policies, taking into consideration input from the Senior Management and the Board.

Audit Committee Report (continued)

For the financial year ended 31 December 2025, the scope of the review included the following:

- Assets Management (2 different Subsidiaries)
- Recurrent Related Party Transactions (RRPT)
- Project Financial Performance
- Project Financial Management and Operational Performance
- Yard Strategic Enhancement and Development

The findings arising from the five (5) internal audit reviews and one (1) enhancement summary were discussed with Senior Management and the relevant departmental or divisional Management, and were subsequently reported to the AC for its deliberation. The reports included the Internal Auditor's recommendations as well as Management's mitigation action plans established to address the identified issues within the specified timeframe. Actions taken by the audited operating units were subsequently followed up by GIAD, and the results of the follow-up reviews were reported to the AC.

In addition, GIAD carried out the following:

- Facilitated Risk Management Committee (RMC) and Risk Management Unit (RMU) meetings for the various business units, while maintaining the independence of the internal audit function.
- Participated in Key Management meetings to remain apprised of the evolving risks within the business environment.
- Reviewed the Statement on Risk Management and Internal Control for the Company's 2025 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 2025 was approximately RM420,000.

Terms of Reference

The Terms of Reference of the AC was last reviewed on 31 July 2023 during which amendments were made to ensure alignment with the Main Market Listing Requirements. The AC Terms of Reference are 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 present this statement on Risk Management and Internal Control in accordance with 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

In upholding the principles of corporate governance, the Board is committed to maintaining a sound system of risk management and internal control (“the System”) to safeguard the interests of the shareholders and the assets of the Group. The Board recognises, however that due to inherent limitations of any system, the risk management and internal control system established by management can only provide reasonable, and not absolute assurance against the risk of material errors, misstatements or losses, and therefore may not fully eliminate the risk of the Group failing to achieve its business objectives.

Risk Management

In line with good practice for closely monitoring the Group’s risk exposure, a Risk Management Committee (“RMC”) has been established at the Group level, with its principal roles and responsibilities set out in the Group’s risk management policy and the procedure.

The RMC is chaired by the Deputy Chief Executive Officer and comprises the Group Finance Director and members of Key Management. The Committee assist the Board in identifying the key strategic and business risks, as well as monitoring and reviewing the Group’s risk profile on a half-yearly basis. The outcome of the RMC meetings are reported to the Board by the Chairman of the RMC.

The RMC is supported by Risk Management Units (“RMUs”) established at the respective business units, comprising senior management personnel and the relevant Heads of Department. Risk management reviews are conducted at the RMU level on a half-yearly basis to assess and update the risk profiles, mitigation action and their effectiveness, as well as the risk matrix, prior to submission to the RMC.

The RMC and RMUs are established to provide a consistent and continuous approach in the identification and assessment of risks, as well as to facilitate the review of the adequacy and effectiveness of the Group’s risk management processes in addressing the ever-evolving risks environment. This risk management process has been in place throughout the financial year under review 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 clearly defined reporting lines that establish accountabilities and delegation of responsibilities. The defined roles and responsibilities incorporate appropriate review and approval procedures to support and uphold the effectiveness of the internal control system across the Group’s various business units.
- **Vision and Mission**
Management has established the Group’s vision and mission statements to provide clear strategic direction and guidance to employees in achieving the Group’s goals and objectives.
- **Authority Limits**
Defined authority limits at both corporate and project levels provide clear delegations of decision-making authority. Wherever practicable, these authority limits are embedded within the Group’s Enterprise Resource Planning (ERP) System to enhance control, consistency and compliance with the approved approval hierarchy.

Statement on Risk Management and Internal Control (continued)

- **Code of Conduct, Whistle-Blower Policy and Anti-Bribery and Corruption Policy**
The Group has established a Code of Conduct, a Whistle-Blower Policy and an Anti-Bribery and Corruption Policy to promote a culture of accountability, transparency and integrity across the organisation. These policies serve as a guiding principle in shaping the accepted standard of ethical behaviour and conduct among employees.

In addition, the Company has successfully obtained certification for the ISO 37001-2016 Anti-Bribery Management System (ABMS), reflecting its commitment to upholding strong ethical standards, integrity, and robust governance practices across its operations.
- **Group Policies and Procedures**
Standard operating procedures for key business processes had been established to govern the Group's various operational activities. Certain subsidiaries within the Group are accredited with ISO 9001:2015, ISO/TS 29001:2020 and ISO 30000:2009 certifications. The Corporate Quality Assurance/Quality Control ("QA/QC") Department conducts quarterly Internal Quality Audits to ensure that the operational processes comply with the established quality procedures. In addition to these internal audits, periodic audits are also conducted by external auditors from the relevant certification bodies.
- **Centralised Function at the Head Office Level**
Key functions including business development, human resources, finance, taxation, corporate affairs, legal and contracts management, are centralised at the head office to ensure consistency in policies, oversight and governance across the Group.
- **Periodic Management Review of Project Performance**
The Group has established a structured process to periodically review the performance of selected projects. Project teams convene to assess project progress and performance, as well as to highlight and explain any significant variances from the project budget and plan to Senior Management. In addition, management reports are prepared and presented to Senior Management for review and deliberation during periodic meetings attended by the Project Management Team, Division Heads and Executive Directors.
- **Quality Assurance / Quality Control**
The Corporate QA/QC Department oversees the quality assurance of the Group's construction and fabrication works. A team of Quality Control Inspectors is deployed at various project sites and fabrication yards to perform quality control activities and inspections to ensure that the work is carried out in compliance with the established quality specifications and standard.
- **Safety, Health and Environment**
In addition to site safety audits, the Health, Safety and Environment Department ("HSE") conducts continuous programmes, including induction sessions and training, to promote safety awareness amongst employees. The HSE Department also carries out periodic audits and inspections to ensure that operational processes and their implementation comply with the requirements of the ISO 45001:2018 Occupational Health and Safety Management and the ISO 14001:2015 Environmental Management Systems. As part of the certification requirements, external auditors from the respective certification bodies conduct annual surveillance audit and a triennial recertification audit.
- **External Audit**
Where the external auditors identify any internal control weakness during the course of their audit, such matters will be highlighted in the Audit Review Memorandum and reported to the Audit Committee ("AC") for its attention and consideration.

The Group's system of internal control does not extend to its Associate Companies and Jointly Controlled Entities where it does not exercise full management control. Nevertheless, the Group safeguards its interests through representation on the Board and/or their shareholder voting rights, which enables it to participate in the financial and operating policy decisions of their respective associate companies and jointly controlled entities.

Review of Internal Controls

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of Group's internal controls system to the AC. The AC evaluates the internal controls framework through its review of quarterly reports submitted by Management, as well as observations and findings reported by the external auditors and the Group Internal Audit Department.

In addition, for the period under review, the Board has received assurances from the Managing Director, Deputy Chief Executive Officer and Finance Director that the Group's risk management and internal control system are reasonably adequate and effective in all material respects.

Review of Statement by External Auditors

This Statement has been reviewed by the external auditors in pursuance of Paragraph 15.23 of the Listing Requirements. The limited assurance review was conducted in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) and the principles of Audit and Assurance Practice Guide 3 (AAPG 3). The ISAE 3000 (Revised) and principles of AAPG 3 do not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on the limited assurance procedures performed and evidence obtained, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this statement, has not been prepared, in all material respects, in accordance with the disclosures required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC Guide 2025"), nor is factually inaccurate.

Conclusion

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

The Board will continue to monitor and ensure that the risk management and internal control system remain effective in addressing the evolving and challenging business environment.

This Statement was approved by the Board on 31 March 2026.

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 2025.

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.

Financial Statements

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Directors' Report for the financial year ended 31 December 2025

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 2025.

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, providing integrated industrial automation solutions, offshore supply vessels and anchor handling tugboats and manufacturing of waste heat recovery units for oil and gas industry. The associates are mainly involved in international airport concessions in Cambodia, road maintenance concessions in Malaysia as well as manufacturing of corrugated and wooden packaging materials. 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	80,331	23,719
Non-controlling interests	48,718	-
Profit for the financial year	<u>129,049</u>	<u>23,719</u>

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

Since the end of the previous financial year, the Company has paid a final ordinary tax exempt dividend of 3.00 sen per ordinary share totaling RM21,933,355 in respect of the financial year ended 31 December 2024 on 15 August 2025.

The first and final ordinary tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2025 is 3.50 sen per ordinary share totaling RM25,605,154 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
 Mazlan bin Abdul Hamid
 Dato' Sri Khazali bin Haji Ahmad
 Dato' Khodijah binti Abdullah
 Madzri bin Ab. Rahman (Appointed on 28.8.2025)
 Sobri bin Abu (Retired on 26.6.2025)

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 31.12.2025
	At 1.1.2025	Bought	Sold	
<u>Muhibbah Engineering (M) Bhd.:</u>				
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	1,500,000	-	11,712,308
- Indirect	975,000	-	-	975,000
Mazlan bin Abdul Hamid	500,000	-	-	500,000
<u>Favelle Favco Berhad (a subsidiary):</u>				
Mac Ngan Boon @ Mac Yin Boon				
- Direct	10,842,913	-	-	10,842,913
- Indirect	5,165,800	-	-	5,165,800
Mac Chung Jin	677,000	-	-	677,000
Lee Poh Kwee	2,915,000	-	-	2,915,000
Mazlan bin Abdul Hamid	2,666,600	218,000	(88,400)	2,796,200

Directors' Report for the financial year ended 31 December 2025 (continued)

Directors' interests (continued)

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 31.12.2025
	At 1.1.2025	Granted	Exercised	
<u>Muhibbah Engineering (M) Bhd.:</u>				
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	-	(1,500,000)	3,500,000
<u>Favelle Favco Berhad (a subsidiary):</u>				
Mac Ngan Boon @ Mac Yin Boon				
- Direct	1,600,000	-	-	1,600,000
- Indirect	1,488,000	-	-	1,488,000
Lee Poh Kwee	1,450,000	-	-	1,450,000
Mazlan bin Abdul Hamid	1,233,000	-	(218,000)	1,015,000

Other than the abovementioned Directors, none of the other Directors holding office at 31 December 2025 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	847	377
Directors' salaries and other remuneration	3,845	2,930
Defined contribution benefits	348	220
	<u>5,040</u>	<u>3,527</u>

Issue of shares and debentures

During the financial year,

- (a) the Company increased its issued and paid-up share capital from RM428,320,000 to RM429,601,000 by way of an issuance of 2,616,000 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 RM1,003,000; and
- (b) 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 SIS, details of share options offered and exercised during the financial year are disclosed in Note 25 to the financial statements. 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:

- i) 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
- ii) 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.

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.

Directors' Report for the financial year ended 31 December 2025 (continued)

Other statutory information (continued)

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 2025 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 event occurring after the financial year

The significant event occurring after the financial year is 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	1,550	232
Non-audit fees	40	20
	<u>1,590</u>	<u>252</u>

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: 13 April 2026

.....
Mac Chung Jin

Statements of Financial Position as at 31 December 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Property, plant and equipment	3	1,070,036	1,070,855	152,757	147,227
Investment properties	4	74	79	9,185	9,425
Investments in subsidiaries	5	-	-	263,569	263,569
Investments in associates	6	740,201	832,010	29,565	33,366
Receivables, deposits and prepayments	7	-	1,440	-	-
Deferred tax assets	8	22,548	33,428	1,148	4,033
Other non-current assets	9	121,404	123,822	230	230
Total non-current assets		1,954,263	2,061,634	456,454	457,850
Receivables, deposits and prepayments	7	414,956	417,085	675,205	702,064
Contract assets	10	170,820	294,525	120,255	159,316
Inventories	11	244,364	250,772	438	288
Derivative assets	19	3,800	21	-	21
Current tax assets		11,921	9,575	837	371
Cash and cash equivalents	12	783,668	571,195	304,022	274,875
Total current assets		1,629,529	1,543,173	1,100,757	1,136,935
Total assets		3,583,792	3,604,807	1,557,211	1,594,785

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Equity					
Share capital	13	429,601	428,320	429,601	428,320
Reserves	14	977,926	926,880	264,152	251,647
Total equity attributable to:					
Owners of the Company		1,407,527	1,355,200	693,753	679,967
Non-controlling interests		575,964	557,104	-	-
Total equity		1,983,491	1,912,304	693,753	679,967
Liabilities					
Loan and borrowings	15	146,996	173,975	141,750	167,875
Hire purchase and lease liabilities	17	4,489	15,076	-	-
Deferred tax liabilities	8	141,546	110,074	-	-
Total non-current liabilities		293,031	299,125	141,750	167,875
Loan and borrowings	15	345,941	250,288	290,125	178,875
Payables and accruals	16	383,808	386,329	160,417	153,646
Hire purchase and lease liabilities	17	10,785	8,162	-	-
Contract liabilities	10	210,441	361,645	34,391	101,359
Bills payable	18	340,662	369,955	236,775	313,063
Derivative liabilities	19	-	1,143	-	-
Current tax liabilities		15,633	15,856	-	-
Total current liabilities		1,307,270	1,393,378	721,708	746,943
Total liabilities		1,600,301	1,692,503	863,458	914,818
Total equity and liabilities		3,583,792	3,604,807	1,557,211	1,594,785

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	20	1,333,052	1,939,774	415,166	887,679
Cost of sales		(1,022,606)	(1,670,838)	(381,841)	(839,711)
Gross profit		310,446	268,936	33,325	47,968
Other income		48,965	31,720	10,836	10,922
Distribution costs		(27,291)	(27,140)	(5,602)	(6,680)
Administrative expenses		(216,649)	(192,483)	(13,681)	(17,227)
Net (loss)/reversal on impairment of financial assets and contract assets	21	(29,764)	(24,468)	(9,670)	10,679
Results from operating activities		85,707	56,565	15,208	45,662
Interest income		20,797	18,068	53,476	51,545
Finance costs		(25,327)	(24,624)	(43,537)	(60,142)
Operating profit	21	81,177	50,009	25,147	37,065
Share of profit of associates, net of tax		96,683	123,298	-	-
Profit before tax		177,860	173,307	25,147	37,065
Income tax expense	23	(48,811)	(29,883)	(1,428)	(1,790)
Profit for the financial year		129,049	143,424	23,719	35,275
Profit for the financial year attributable to:					
Owners of the Company		80,331	79,996	23,719	35,275
Non-controlling interests		48,718	63,428	-	-
Profit for the financial year		129,049	143,424	23,719	35,275
Earnings per ordinary share (sen)					
Basic	24	11.00	11.00		
Diluted	24	10.59	10.55		

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the financial year	129,049	143,424	23,719	35,275
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	41,282	(9)	10,943	-
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(62,955)	(28,975)	(602)	-
Other comprehensive income/(expense) for the financial year, net of tax	(21,673)	(28,984)	10,341	-
Total comprehensive income for the financial year	107,376	114,440	34,060	35,275
Total comprehensive income for the financial year attributable to:				
Owners of the Company	83,299	64,468	34,060	35,275
Non-controlling interests	24,077	49,972	-	-
Total comprehensive income for the financial year	107,376	114,440	34,060	35,275

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 2025

Group	Attributable to owners of the Company		Non-distributable		Distributable		Non-controlling interests	Total equity		
	Share capital	Treasury shares	Revaluation reserve	Capital reserve	Share options reserve	Translation reserve			Retained earnings	Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
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)	-	(15,519)	(13,456)	(28,975)
Movement in revaluation of property, plant and equipment, net of tax	-	-	(9)	-	-	-	-	(9)	-	(9)
Profit for the financial year	-	-	-	-	-	-	79,996	79,996	63,428	143,424
Total comprehensive income/(expense)	-	-	(9)	-	-	(15,519)	79,996	64,468	49,972	114,440
Share-based payment	25	-	-	-	1,575	-	-	1,575	328	1,903
Share option exercised	13	1,214	-	-	-	-	-	1,214	-	1,214
Transfer to share capital for share options exercised	13	336	-	-	(336)	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(15,416)	(15,416)
Dilution of interest in subsidiary	-	-	(545)	-	(18)	(42)	(1,983)	(2,588)	5,855	3,267
Total transaction with owners	1,550	-	(545)	-	1,221	(42)	(1,983)	201	(9,233)	(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

/-----Attributable to owners of the Company-----/ Distributable /-----Non-distributable-----/											
Group	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Share options reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2025		428,320	(5,561)	342,230	5,237	2,839	106,016	476,119	1,355,200	557,104	1,912,304
Other comprehensive income:											
Foreign currency translation differences for foreign operations		-	-	-	-	-	(39,094)	-	(39,094)	(23,861)	(62,955)
Movement in revaluation of property, plant and equipment, net of tax		-	-	42,050	-	-	-	12	42,062	(780)	41,282
Profit for the financial year		-	-	-	-	-	-	80,331	80,331	48,718	129,049
Total comprehensive income/(expense)		-	-	42,050	-	-	(39,094)	80,343	83,299	24,077	107,376
Share based payment	25	-	-	-	-	1,235	-	-	1,235	328	1,563
Share option exercised	13	1,003	-	-	-	-	-	-	1,003	-	1,003
Transfer to share capital for share options exercised	13	278	-	-	-	(278)	-	-	-	-	-
Dividend to owners of the Company	26	-	-	-	-	-	-	(21,933)	(21,933)	-	(21,933)
Dividend to non-controlling interests		-	-	-	-	-	-	-	-	(17,963)	(17,963)
Dilution of interest in subsidiary		-	-	(247)	-	(8)	(11)	(11,011)	(11,277)	12,418	1,141
Total transaction with owners		1,281	-	(247)	-	949	(11)	(32,944)	(30,972)	(5,217)	(36,189)
At 31 December 2025		429,601	(5,561)	384,033	5,237	3,788	66,911	523,518	1,407,527	575,964	1,983,491

/-----Note 14-----/

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

Statement of Changes in Equity

for the financial year ended 31 December 2025

Company	Note	Non-distributable					Distributable		Total RM'000
		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		
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		-	-	-	-	-	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-----/

		/-----Non-distributable-----/ Distributable						
Company	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
At 1 January 2025		428,320	(5,561)	65,352	2,704	922	188,230	679,967
Foreign currency translation differences for foreign operations		-	-	-	-	(602)	-	(602)
Movement in revaluation of property, plant and equipment, net of tax		-	-	10,943	-	-	-	10,943
Profit for the financial year		-	-	-	-	-	23,719	23,719
Total comprehensive income		-	-	10,943	-	(602)	23,719	34,060
Share based payment	25	-	-	-	656	-	-	656
Share option exercised	13	1,003	-	-	-	-	-	1,003
Dividend to owners of the Company	26	-	-	-	-	-	(21,933)	(21,933)
Transfer to share capital for share options exercised	13	278	-	-	(278)	-	-	-
Total transaction with owners		1,281	-	-	378	-	(21,933)	(20,274)
At 31 December 2025		429,601	(5,561)	76,295	3,082	320	190,016	693,753
		/-----Note 14-----/						

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

Statements of Cash Flows for the financial year ended 31 December 2025

	Group		Company		
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from/(for) operating activities					
Profit before tax		177,860	173,307	25,147	37,065
Adjustments for:					
Allowance for diminution in value of investment		3	10	-	-
Allowance for slow moving inventories		3,040	2,344	-	-
Amortisation/depreciation of:					
- Development costs and intellectual property		20	20	-	-
- Investment properties		5	6	240	240
- Property, plant and equipment		55,995	64,527	8,289	6,410
- Right-of-use assets		6,450	6,502	1	-
- Investments in associates		605	605	-	-
Bad debts written off		2,604	2,313	-	197
Dividend income		(664)	(638)	(24,987)	(27,228)
Development costs written off		-	313	-	-
Finance costs		36,640	34,278	45,286	60,835
Gain on disposal of property, plant and equipment		(25,814)	(15,953)	(3,247)	(312)
Gain on disposal of investments in associates		(301)	-	(1,880)	-
Gain on lease modification		(12)	-	-	-
Interest income		(20,797)	(18,068)	(53,476)	(51,545)
Inventories written off		-	2,118	-	-
Net fair value (gain)/loss on derivative instruments		(4,922)	1,888	21	246
Net fair value loss/(gain) on other investments		2,178	(1,890)	-	-
Net unrealised loss/(gain) on foreign exchange		35,698	14,916	(7,107)	7,351
Net impairment loss/(reversal) on:					
- Contract assets and receivables		29,764	24,468	9,670	(10,679)
- Investments in associates		34,968	-	-	-
- Property, plant and equipment		(54,382)	2,678	-	-
Net provision/(reversal) for:					
- Warranties		4,724	1,514	(43)	-
- Foreseeable losses		(8,087)	8,145	(5)	(174)
Property, plant and equipment written off		1,490	976	-	-
Share-based payments	25	1,563	1,903	656	990
Share of profit of associates		(96,683)	(123,298)	-	-
Operating profit/(loss) before changes in working capital		181,945	182,984	(1,435)	23,396
Receivables, deposits and prepayments		(15,630)	(25,334)	49,414	216,593
Inventories		46,228	78,239	(150)	98
Payables and accruals		(6,919)	(111,991)	6,815	(55,720)
Contract assets and contract liabilities		(29,782)	63,692	(27,507)	13,874
Cash generated from operation - brought forward		175,842	187,590	27,137	198,241

	Group		Company	
Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash generated from operation				
- carried forward	175,842	187,590	27,137	198,241
Net taxes paid	(25,194)	(28,706)	(1,894)	(1,560)
Net cash generated from operating activities	150,648	158,884	25,243	196,681
Cash flows (for)/from investing activities				
Addition to development expenditures	(4,142)	(4,140)	-	-
Addition to expenditures on land held for development	(8,985)	-	-	-
Deferred consideration payment/ acquisition of subsidiaries	-	-	-	(400)
Dividend received from:				
- subsidiaries	-	-	13,555	18,555
- associates	145,773	77,077	11,400	8,650
- third parties	664	638	32	23
Interest received	20,797	18,068	5,527	7,457
Investments in associates	(54,669)	-	5,680	-
Proceeds from acquisition of marketable securities	-	(1,087)	-	(100)
Proceeds from disposal of property, plant and equipment	80,714	45,368	4,225	411
Purchase of property, plant and equipment	12.2 (51,668)	(73,175)	(3,215)	(26,923)
Net cash generated from investing activities	128,484	62,749	37,204	7,673
Cash flows (for)/from financing activities				
Dividend paid to owners of the Company	26 (21,933)	-	(21,933)	-
Dividend paid to non-controlling interests	(17,963)	(15,416)	-	-
Interest paid	(34,987)	(31,907)	(20,605)	(17,807)
Proceeds from redeemable preference shares	3,600	-	-	-
Proceeds from issuance of share to non-controlling interest	1,141	3,267	-	-
Proceeds from exercise of share options	1,003	1,214	1,003	1,214
Net drawdown of loans and borrowings	12.3 31,742	5,579	8,837	2,592
Net cash used in financing activities	(37,397)	(37,263)	(32,698)	(14,001)
Net increase in cash and cash equivalents	241,735	184,370	29,749	190,353
Effects of foreign exchange translation	(26,763)	(12,356)	(602)	-
Cash and cash equivalents at beginning of the financial year	566,187	394,173	274,875	84,522
Cash and cash equivalents at end of the financial year	i 781,159	566,187	304,022	274,875

Statements of Cash Flows for the financial year ended 31 December 2025 (continued)

(i) *Cash and cash equivalents*

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

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits placed with licensed banks	12.1	118,473	123,742	-	-
Short-term funds	12.1	328,190	238,834	251,370	199,459
Cash and bank balances	12.1	337,005	208,619	52,652	75,416
		783,668	571,195	304,022	274,875
Bank overdrafts	15	(2,509)	(5,008)	-	-
Cash and cash equivalents		781,159	566,187	304,022	274,875

The accompanying accounting policies and explanatory information form an 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 2025 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 2025 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, providing integrated industrial automation solutions, offshore supply vessels and anchor handling tugboats and manufacturing of waste heat recovery units for oil and gas industry. The associates are mainly involved in international airport concessions in Cambodia, road maintenance concessions in Malaysia as well as manufacturing of corrugated and wooden packaging materials. 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.

The financial statements were authorised for issue by the Board of Directors on 13 April 2026.

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"), IFRS Accounting 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 121: Lack of Exchangeability

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the 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 MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Transition to a Hyperinflationary Presentation Currency	1 January 2027
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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 of the Company.

(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 judgement 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.

2. Material accounting policy information (continued)

(a) Critical accounting estimates and judgements (continued)

(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, plant 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.

(v) *Depreciation of property, plant 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.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

(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.

(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.

2. Material accounting policy information (continued)

(b) Basis of consolidation (continued)

(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.

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.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

(b) Basis of consolidation (continued)

(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.

(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.

2. Material accounting policy information (continued)

(c) Financial instruments (continued)

(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.

(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.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The category of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) 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.

2. Material accounting policy information (continued)

(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.

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.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

(d) Property, plant and equipment (continued)

(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

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, plant 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 assets 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.

2. Material accounting policy information (continued)

(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.

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 assets

(a) Goodwill

Goodwill arising 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 overhead 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.

Notes to the Financial Statements (continued)

2. Material accounting policy information (continued)

(g) Other non-current assets (continued)

(i) Intangible assets (continued)

(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.

(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 any 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.

3. Property, plant and equipment

Group	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
Cost/Valuation									
At 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/ 1 January 2025	568,626	275,284	46,549	393,796	627,251	3,019	1,914,525	101,485	2,016,010
Additions	-	1,272	82	15,389	15,447	19,725	51,915	4,045	55,960
Disposals	-	-	-	(2,526)	(111,778)	-	(114,304)	-	(114,304)
Written off	-	(1,129)	-	(1,750)	(866)	-	(3,745)	-	(3,745)
Revaluation	55,935	-	-	-	-	-	55,935	-	55,935
Modification of lease liabilities	-	-	-	-	-	-	-	(6,510)	(6,510)
Reclassification	-	106	-	-	(69,560)	(2,665)	(72,119)	-	(72,119)
Exchange differences	(3,669)	(603)	-	4,464	(9,806)	-	(9,614)	1,063	(8,551)
At 31 December 2025	620,892	274,930	46,631	409,373	450,688	20,079	1,822,593	100,083	1,922,676
Accumulated depreciation and impairment losses									
At 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/(Reversal) 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/ 1 January 2025	38,086	113,702	26,318	180,727	539,881	-	898,714	46,441	945,155
Depreciation for the year	3,553	6,821	1,019	23,568	21,034	-	55,995	6,450	62,445
Disposals	-	-	-	(2,482)	(56,922)	-	(59,404)	-	(59,404)
Written off	-	(1,129)	-	(279)	(847)	-	(2,255)	-	(2,255)
Modification of lease liabilities	-	-	-	-	-	-	-	(4,123)	(4,123)
Provision/(Reversal) for impairment loss	-	-	-	(3,000)	(51,382)	-	(54,382)	-	(54,382)
Reclassification	-	-	-	-	(27,008)	-	(27,008)	-	(27,008)
Exchange differences	-	(532)	-	1,937	(9,422)	-	(8,017)	229	(7,788)
Accumulated depreciation	41,639	103,240	27,337	199,935	396,694	-	768,845	48,997	817,842
Accumulated impairment loss	-	15,622	-	536	18,640	-	34,798	-	34,798
At 31 December 2025	41,639	118,862	27,337	200,471	415,334	-	803,643	48,997	852,640
Carrying amounts									
At 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/ 1 January 2025	530,540	161,582	20,231	213,069	87,370	3,019	1,015,811	55,044	1,070,855
At 31 December 2025	579,253	156,068	19,294	208,902	35,354	20,079	1,018,950	51,086	1,070,036

Notes to the Financial Statements (continued)

3. Property, plant and equipment (continued)

Company	Land RM'000	Buildings 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
Cost/Valuation								
At 1 January 2024	107,419	11,815	7,798	103,846	3,148	234,026	-	234,026
Additions	5,400	10,774	950	9,799	-	26,923	-	26,923
Disposals	-	-	(365)	(7,995)	-	(8,360)	-	(8,360)
Transfer	-	367	-	-	(367)	-	-	-
At 31 December 2024/ 1 January 2025	112,819	22,956	8,383	105,650	2,781	252,589	-	252,589
Additions	-	-	-	2,767	310	3,077	138	3,215
Disposals	-	-	-	(10,635)	-	(10,635)	-	(10,635)
Written off	-	-	-	(102)	-	(102)	-	(102)
Transfer	-	-	-	169	(169)	-	-	-
Revaluation surplus	13,829	-	-	-	-	13,829	-	13,829
Reclassification	-	-	-	-	(2,246)	(2,246)	-	(2,246)
At 31 December 2025	126,648	22,956	8,383	97,849	676	256,512	138	256,650
Accumulated depreciation								
At 1 January 2024	9,996	1,497	6,890	88,830	-	107,213	-	107,213
Depreciation for the year	1,316	330	378	4,386	-	6,410	-	6,410
Disposals	-	-	(359)	(7,902)	-	(8,261)	-	(8,261)
At 31 December 2024/ 1 January 2025	11,312	1,827	6,909	85,314	-	105,362	-	105,362
Depreciation for the year	1,393	1,350	295	5,251	-	8,289	1	8,290
Disposals	-	-	-	(9,657)	-	(9,657)	-	(9,657)
Written off	-	-	-	(102)	-	(102)	-	(102)
At 31 December 2025	12,705	3,177	7,204	80,806	-	103,892	1	103,893
Carrying amounts								
At 1 January 2024	97,423	10,318	908	15,016	3,148	126,813	-	126,813
At 31 December 2024/ 1 January 2025	101,507	21,129	1,474	20,336	2,781	147,227	-	147,227
At 31 December 2025	113,943	19,779	1,179	17,043	676	152,620	137	152,757

Security

The freehold land and buildings of certain sub-sub-subsidiaries with net book value of RM33,278,000 (2024 - RM33,000,000) were charged as security for bank term loan facilities of these sub-sub-subsidiaries prior to the Group acquisition of these sub-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 RM85,728,000 (2024 - RM85,752,000) and Group and Company's leasehold land would have been RM67,040,000 (2024 - RM67,951,500) and RM24,241,000 (2024 - RM24,593,000) respectively.

3. Property, plant and equipment (continued)

Land

Included in the carrying amounts of land are:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Freehold land #	272,286	277,856	-	-
Long term leasehold land*	306,967	252,684	113,943	101,507
	<u>579,253</u>	<u>530,540</u>	<u>113,943</u>	<u>101,507</u>

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

Included in freehold land of the Group with total net book value of RM5,040,600 (2024 - RM5,548,200) is registered in the name of its foreign subsidiary director cum minority shareholder who holds the property in trust for the foreign subsidiary.

Right-of-use assets

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

Group	Leasehold Land RM'000	Land and Buildings RM'000	Cranes RM'000	Total RM'000
2025				
At 1 January 2025	-	9,942	45,102	55,044
Additions during the year	930	2,382	733	4,045
Depreciation	(7)	(3,033)	(3,410)	(6,450)
Modification of lease liabilities	-	(2,387)	-	(2,387)
Exchange differences	-	(212)	1,046	834
At 31 December 2025	<u>923</u>	<u>6,692</u>	<u>43,471</u>	<u>51,086</u>
2024				
At 1 January 2024	-	9,621	53,145	62,766
Additions during the year	-	3,038	-	3,038
Depreciation	-	(2,653)	(3,849)	(6,502)
Exchange differences	-	(64)	(4,194)	(4,258)
At 31 December 2024	<u>-</u>	<u>9,942</u>	<u>45,102</u>	<u>55,044</u>

Company

Included in the carrying amounts of the right-of-use asset is leasehold land amounted to RM137,000 (2024 - RMNil).

Notes to the Financial Statements (continued)

4. Investment properties

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost				
At 1 January/31 December	314	314	12,048	12,048
Accumulated depreciation and impairment loss				
At 1 January	235	229	2,623	2,383
Depreciation for the year	5	6	240	240
At 31 December	240	235	2,863	2,623
Carrying amounts				
At 31 December	74	79	9,185	9,425
Included in the above are:				
Freehold land	47	47	47	47
Building	27	32	9,138	9,378
	74	79	9,185	9,425

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.

Market value

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Market value of investment properties - aggregated basis	1,000	1,000	108,423	105,706

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	
	2025 RM'000	2024 RM'000
Ordinary shares		
Quoted shares – in Malaysia	140,905	140,905
Unquoted shares – at cost	241,108	241,108
	382,013	382,013
Less: Impairment losses	(118,444)	(118,444)
	263,569	263,569
Market value		
Quoted shares in Malaysia	227,420	256,035

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	
			2025 %	2024 %
<i>Cranes segment</i>				
Favelle Favco Berhad @ and its subsidiaries:	Investment holding	Malaysia	63.9	64.03
Favelle Favco Cranes (M) Sdn. Bhd.	Manufacturing of cranes	Malaysia	63.9	64.03
Favelle Favco Cranes Pte. Ltd.*	Trading of cranes, spare parts and services	Singapore	63.9	64.03
Favelle Favco Cranes (USA), Inc.*	Designing, manufacturing, supplying, servicing, trading and renting of cranes	United States of America	63.9	64.03
Favelle Favco Cranes Pty Limited* and its subsidiaries:	Designing, manufacturing, supplying, servicing, trading and renting of cranes	Australia	63.9	64.03
FF Management Pty. Limited*	Management services	Australia	63.9	64.03
Milperra Blasting and Coating Pty. Limited*	Dormant	Australia	63.9	64.03
Kroll Cranes A/S*	Manufacturing of cranes	Denmark	63.9	64.03
FES Equipment Services Sdn. Bhd.	Hiring and repair of cranes	Malaysia	63.9	64.03

Notes to the Financial Statements (continued)

5. Investments in subsidiaries (continued)

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

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
<i>Cranes segment (continued)</i>				
Favelle Favco Winches Pte. Ltd.*	Design, fabrication, trading, service and rental of winches, hydraulic system and material handling equipment	Singapore	63.9	64.03
Favelle Favco Solutions Co.*	Supply of spare parts for cranes, provision of crane maintenance services and renting of cranes	Kingdom of Saudi Arabia	63.9	-
Shanghai Favco Engineering Machinery Manufacturing Co. Ltd.*	Manufacturing of cranes	China	51.1	51.20
Exact Automation Sdn. Bhd.^	Providing integrated industrial automation solutions on the design, engineering, testing, project management and maintenance of plant instrumentation	Malaysia	44.7	44.8
Exact Analytical Sdn. Bhd.^	Trading, providing engineering services on the installation, commissioning and maintenance of environmental and process analysers	Malaysia	44.7	44.8
Sedia Teguh Sdn. Bhd.^	Trading and maintenance of specialised equipment used in the oil and gas industry	Malaysia	44.7	44.8
Strata Niaga Sdn. Bhd.^	Trading and providing engineering services in oil & gas and power industry	Malaysia	44.7	44.8
Strata Niaga (B) Sdn. Bhd.^	Trading and providing engineering services in oil & gas and power industry	Brunei	22.8	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

5. Investments in subsidiaries (continued)

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

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
<i>Infrastructure construction segment</i>				
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
Muhibbah Steel Kuantan Sdn. Bhd.*	Manufacturing of containers and refrigerator containers	Malaysia	100	100
Muhibbah Engineering (Cambodia) Co. Ltd.*#	Property development and trading in real estates	Cambodia	60	60

Notes to the Financial Statements (continued)

5. Investments in subsidiaries (continued)

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

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
<i>Infrastructure construction segment (continued)</i>				
Aspect Saga Sdn. Bhd.* and its subsidiaries:	Investment holding	Malaysia	100	100
IDS Cahaya Sdn. Bhd.**	Investment holding	Malaysia	100	100
IDS Cahaya Ltd.#	Striking off	Labuan	-	100
IDS Darussalam Sdn. Bhd.**	Dormant	Malaysia	100	100
IDS Offshore Sdn. Bhd.**	Dormant	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 Prospect Sdn. Bhd.	Civil, marine and structural engineering contract works	Malaysia	100	100
CB International Engineering Sdn. Bhd.	Rental of investment properties and related services and provision of vessel chartering services	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

5. Investments in subsidiaries (continued)

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

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
<i>Infrastructure construction segment (continued)</i>				
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
Muhibbah Myanmar Company Ltd.*	Dormant	Myanmar	100	100
Muhibbah Engineering Laos Co., Ltd.*	Dormant	Laos	70	70
<i>Concession segment</i>				
Muhibbah Airport Services (Labuan) Ltd.	Investment holding	Labuan	70	70

Notes to the Financial Statements (continued)

5. Investments in subsidiaries (continued)

- * 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 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 63.9% (2024: 64.03%) following the issuance of additional ordinary shares in Favelle Favco Berhad upon the exercise of its employees' share options.

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	
	2025 RM'000	2024 RM'000
NCI percentage	36.1%	35.97%
Carrying amount of NCI	312,450	289,613
Profit allocated to NCI	18,107	19,353
Dividend paid to NCI	7,669	7,613
Total assets	1,473,119	1,441,771
Total liabilities	630,796	631,079
Revenue	787,147	901,124
Profit for the year	61,098	66,730
Net cash flows from operating activities	106,033	39,095
Net cash flows used in investing activities	(40,655)	(16,633)
Net cash flows from/(used in) financing activities	(1,541)	(18,889)

6. Investments in associates

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Quoted share, at cost	68,012	-	-	-
Unquoted shares, at cost	107,344	111,144	38,711	42,512
Share of post-acquisition reserves	610,224	731,277	-	-
	785,580	842,421	38,711	42,512
Less: Impairment loss	(45,379)	(10,411)	(9,146)	(9,146)
	740,201	832,010	29,565	33,366

Details of the associates are as follows:

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
Concession segment				
Roadcare (M) Sdn. Bhd.*@&	Operation and maintenance of roadways and bridges	Malaysia	19	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
Master-Pack Group Berhad@#	Investment holding and manufacturing of corrugated and wooden packaging materials	Malaysia	31	-
Cranes segment				
Favco Offshores Sdn. Bhd.#	Manufacture, supply, servicing and renting of cranes	Malaysia	19.17	19.2
Favelle Favco Machinery and Equipment L.L.C*#	Trading and rental of construction equipment	United Arab Emirates	31.3	31.4

Notes to the Financial Statements (continued)

6. Investments in associates (continued)

Details of the associates are as follows: (continued)

Company	Principal activities	Country of incorporation	Effective ownership interest	
			2025 %	2024 %
<i>Cranes segment (continued)</i>				
Favco Heavy Industry (Changshu) Co., Ltd.*#	Supply, renting and servicing of lifting equipment and spare parts	China	31.9	32

* 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.

& The Group considers that it exercises influence over the associate through board representation and participation in financial and operational decisions.

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	
	2025 RM'000	2024 RM'000
Gross amount of the major associates		
Non-current assets	836,290	1,556,577
Current assets	2,072,129	1,562,936
Non-current liabilities	37,050	27,389
Current liabilities	397,416	393,002
Revenue	1,650,804	1,627,925
Profit for the year	342,126	418,854
Dividends received	145,773	77,077
Carrying amount in the consolidated financial statements	728,804	821,930

Aggregate information of immaterial associates

	Group	
	2025 RM'000	2024 RM'000
Aggregate carrying amount	11,397	10,080
Aggregate amount of the group share: - Profit for the year	1,939	1,537

7. Receivables, deposits and prepayments

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current					
Non-trade					
Amount due from associates	7.1	6,092	6,705	-	-
Less: Allowance for impairment loss	29.3	(6,092)	(5,265)	-	-
		-	1,440	-	-
Current Trade					
Trade receivables	7.2	367,334	372,948	73,317	59,137
Amount due from subsidiaries	7.3	-	-	723,229	806,675
Amount due from associates	7.1	77,687	66,391	-	-
Unbilled receivables		2,278	32,707	-	-
		447,299	472,046	796,546	865,812
Less: Allowance for impairment loss	29.3	(116,029)	(108,262)	(323,735)	(313,679)
		331,270	363,784	472,811	552,133
Non-trade					
Amount due from subsidiaries	7.3	-	-	225,414	181,122
Amount due from associates	7.1	33,139	31,928	11,894	10,702
Other receivables		16,716	12,229	3,179	625
		49,855	44,157	240,487	192,449
Less: Allowance for impairment loss	29.3	(35,235)	(26,223)	(50,545)	(50,537)
		14,620	17,934	189,942	141,912
Deposits		6,324	6,012	3,306	2,768
Prepayments		62,742	29,355	9,146	5,251
		83,686	53,301	202,394	149,931
		414,956	417,085	675,205	702,064
Non-current and current		414,956	418,525	675,205	702,064

Notes to the Financial Statements (continued)

7. Receivables, deposits and prepayments (continued)

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 RM6,092,000 (2024 - RM6,705,000) which is subject to interest rate of 1% (2024 - 1%) per annum.

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Euro	4,908	246	-	-
Singapore Dollar	3,615	3,317	-	-
US Dollar	111,052	81,695	215	378
Australian Dollar	459	61	-	-

Also included in trade receivables of the Group and of the Company are retention sums of RM20,132,000 (2024 - RM22,238,000) and RM17,500,000 (2024 - RM19,330,000) 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 (2024 - 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group						
Property, plant and equipment	-	-	134,255	132,352	134,255	132,352
Tax losses carry forward	-	(25,000)	(4,925)	75	(4,925)	(24,925)
Other temporary differences	(35,713)	(46,651)	25,381	15,870	(10,332)	(30,781)
Tax (assets)/liabilities	(35,713)	(71,651)	154,711	148,297	118,998	76,646
Set off of tax	13,165	38,223	(13,165)	(38,223)	-	-
Net deferred tax (assets)/liabilities	(22,548)	(33,428)	141,546	110,074	118,998	76,646
Company						
Property, plant and equipment	-	-	23,852	20,967	23,852	20,967
Tax losses carry forward	(25,000)	(25,000)	-	-	(25,000)	(25,000)
Tax (assets)/liabilities	(25,000)	(25,000)	23,852	20,967	(1,148)	(4,033)
Set off of tax	25,000	25,000	(25,000)	(25,000)	-	-
Net deferred tax (assets)/liabilities	-	-	(1,148)	(4,033)	(1,148)	(4,033)

Unrecognised deferred tax assets

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unabsorbed capital allowances	167,868	172,711	118,001	112,598
Tax losses carry forward	854,924	837,392	578,825	541,700
Other temporary differences	432,523	417,068	391,002	372,900
	<u>1,455,315</u>	<u>1,427,171</u>	<u>1,087,828</u>	<u>1,027,198</u>

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.

Notes to the Financial Statements (continued)

8. Deferred tax (assets) and liabilities (continued)

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 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/ 1 January 2025	139,859	(24,925)	(38,288)	76,646
Recognised in profit or loss (Note 23)	(21,733)	20,000	27,956	26,223
Effect of revaluation	14,255	-	-	14,255
Foreign exchange differences	1,874	-	-	1,874
As at 31 December 2025	134,255	(4,925)	(10,332)	118,998
Company				
As at 1 January 2024	20,967	(25,000)	-	(4,033)
Effect of revaluation	-	-	-	-
As at 31 December 2024/ 1 January 2025	20,967	(25,000)	-	(4,033)
Effect of revaluation	2,885	-	-	2,885
As at 31 December 2025	23,852	(25,000)	-	(1,148)

9. Other non-current assets

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other investments	772	16,297	230	230
Goodwill	75,283	75,283	-	-
Land held for development	25,691	16,706	-	-
Development costs	19,547	15,405	-	-
Intellectual property	111	131	-	-
	121,404	123,822	230	230

9. Other non-current assets (continued)

	Land held for development Group		Development costs Group	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost				
At 1 January	16,706	16,706	20,665	17,586
Additions	8,985	-	4,142	4,140
Written off	-	-	-	(1,054)
Exchange difference	-	-	-	(7)
At 31 December	<u>25,691</u>	<u>16,706</u>	<u>24,807</u>	<u>20,665</u>
Accumulated impairment/amortisation				
At 1 January	-	-	5,260	6,001
Written off	-	-	-	(741)
At 31 December	<u>-</u>	<u>-</u>	<u>5,260</u>	<u>5,260</u>
Carrying amounts				
At 1 January	16,706	16,706	15,405	11,585
At 31 December	<u>25,691</u>	<u>16,706</u>	<u>19,547</u>	<u>15,405</u>

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 (2024 - 1 year to 5 years).

Notes to the Financial Statements (continued)

9. Other non-current assets (continued)

Intellectual property

	Intellectual property Group	
	2025 RM'000	2024 RM'000
Cost		
At 1 January/31 December	1,935	1,935
Accumulated impairment/amortisation		
At 1 January	1,804	1,784
Amortisation charge for the year	20	20
At 31 December	1,824	1,804
Carrying amounts		
At 1 January	131	151
At 31 December	111	131

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

	2025 RM'000	2024 RM'000
Group		
Carrying amounts		
At 1 January/31 December	75,283	75,283

9. Other non-current assets (continued)

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	
	2025	2024	2025	2024	2025	2024	2025	2024
	%	%	%	%	%	%	%	%
Intelligent automation group	33 - 34	29 - 30	5	5 - 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 amount of the goodwill to be materially higher than its recoverable amount.

10. Contract assets/(liabilities)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Contract Assets				
Contract assets relating to contracts	265,041	378,385	128,238	167,693
Allowance for impairment losses (Note 29.3 (ii))	(94,221)	(83,860)	(7,983)	(8,377)
	<u>170,820</u>	<u>294,525</u>	<u>120,255</u>	<u>159,316</u>
Contract liabilities	<u>(210,441)</u>	<u>(361,645)</u>	<u>(34,391)</u>	<u>(101,359)</u>

Notes to the Financial Statements (continued)

10. Contract assets/(liabilities) (continued)

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	(67,120)	12,237	57,957	72,100
Revenue recognised in profit or loss during the financial year	811,788	1,377,836	377,021	845,576
Progress billings	(779,131)	(1,428,319)	(349,513)	(859,450)
Reversal of/(Provision for) credit loss on contract assets	(10,371)	(7,520)	394	(443)
Reversal of/(Provision for) foreseeable losses for contract assets	8,087	(8,145)	5	174
Reclassification	-	(8,400)	-	-
Exchange difference	(2,874)	(4,809)	-	-
At 31 December	(39,621)	(67,120)	85,864	57,957
Represented by:				
Contract assets	170,820	294,525	120,255	159,316
Contract liabilities	(210,441)	(361,645)	(34,391)	(101,359)
	(39,621)	(67,120)	85,864	57,957

11. Inventories

	2025 RM'000	2024 RM'000
Group		
At cost:		
Raw material	2,589	8,065
Crane components	101,646	99,259
Work-in-progress	76,519	64,854
Land held for sale	31,436	28,492
	212,190	200,670
At net realisable value:		
Cranes	19,913	22,426
Crane components	12,261	21,019
Work-in-progress	-	6,657
	32,174	50,102
	244,364	250,772
Company		
At cost:		
Work-in-progress	438	288

12. Cash flow information

12.1 The cash and bank balances comprised the following:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits placed with licensed banks	118,473	123,742	-	-
Short-term funds	328,190	238,834	251,370	199,459
Cash and bank balances	337,005	208,619	52,652	75,416
	<u>783,668</u>	<u>571,195</u>	<u>304,022</u>	<u>274,875</u>

The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.6% to 5.6% (2024 - 1.6% to 6.0%) 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% (2024 - 0.1% to 5.2%) and 2.25% to 4.95% (2024 - 2.85% to 4.3%) per annum respectively.

Included in cash and bank balances are current account deposits which earn interest at rates ranging from 0.5% to 3.5% (2024 - 0.5% to 3.5%) per annum.

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost of property, plant and equipment purchased (Note 3)	55,960	79,372	3,215	26,923
Amount financed through hire purchase	(247)	(3,159)	-	-
New lease acquired	(4,045)	(3,038)	-	-
Cash disbursed for purchase of property, plant and equipment	<u>51,668</u>	<u>73,175</u>	<u>3,215</u>	<u>26,923</u>

Notes to the Financial Statements (continued)

12. Cash flow information (continued)

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

Group	Term loans & revolving credits RM'000	Bills payable RM'000	Hire purchase and lease liabilities RM'000	Total RM'000
2025				
At 1 January	419,255	369,955	23,238	812,448
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	328,653	707,058	-	1,035,711
Repayment of principal	(257,480)	(736,351)	(10,138)	(1,003,969)
	71,173	(29,293)	(10,138)	31,742
<u>Non-cash changes</u>				
Acquisition of new lease	-	-	4,292	4,292
Modification	-	-	(2,399)	(2,399)
Exchange differences	-	-	281	281
	-	-	2,174	2,174
At 31 December	<u>490,428</u>	<u>340,662</u>	<u>15,274</u>	<u>846,364</u>
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	<u>419,255</u>	<u>369,955</u>	<u>23,238</u>	<u>812,448</u>

12. Cash flow information (continued)

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

Company	Term loans & revolving credits RM'000	Bills payable RM'000	Total RM'000
2025			
At 1 January	346,750	313,063	659,813
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	252,000	546,550	798,550
Repayment of principal	(166,875)	(622,838)	(789,713)
	85,125	(76,288)	8,837
At 31 December	431,875	236,775	668,650
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

13. Share capital

	Group and Company			
	Number of shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
<i>Issued and fully paid ordinary shares:</i>				
At 1 January	730,743	727,562	428,320	426,770
Exercise of employee share options	2,616	3,181	1,003	1,214
Transfer from share options	-	-	278	336
At 31 December	733,359	730,743	429,601	428,320

Notes to the Financial Statements (continued)

13. Share capital (continued)

- (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 2,616,000 (2024 - 3,181,000) 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 (2024 - 1,783,000). None of the treasury shares held was sold or cancelled during the financial year ended 31 December 2025.

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.

15. Loans and borrowings

The note provides information about the contractual terms of the Group's and of 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current				
<i>Secured</i>				
Term loans	5,246	6,100	-	-
<i>Unsecured</i>				
Term loans	141,750	167,875	141,750	167,875
	<u>146,996</u>	<u>173,975</u>	<u>141,750</u>	<u>167,875</u>
Current				
<i>Secured</i>				
Term loans	7,407	1,505	-	-
Bank overdrafts	2,509	5,008	-	-
<i>Unsecured</i>				
Term loans	26,125	25,875	26,125	25,875
Revolving credits	309,900	217,900	264,000	153,000
	<u>345,941</u>	<u>250,288</u>	<u>290,125</u>	<u>178,875</u>
Non-current and current	<u>492,937</u>	<u>424,263</u>	<u>431,875</u>	<u>346,750</u>

Notes to the Financial Statements (continued)

15. Loans and borrowings (continued)

Terms and debt repayment schedule

Group	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
2025						
<i>Secured</i>						
Term loans	2026 - 2037	12,653	7,407	2,802	2,444	-
Bank overdrafts	-	2,509	2,509	-	-	-
<i>Unsecured</i>						
Term loans	2031	167,875	26,125	32,875	93,875	15,000
Revolving credits	-	309,900	309,900	-	-	-
		<u>492,937</u>	<u>345,941</u>	<u>35,677</u>	<u>96,319</u>	<u>15,000</u>
2024						
<i>Secured</i>						
Term loans	2025 - 2037	7,605	1,505	625	2,040	3,435
Bank overdrafts	-	5,008	5,008	-	-	-
<i>Unsecured</i>						
Term loans	2031	193,750	25,875	26,125	79,750	62,000
Revolving credits	-	217,900	217,900	-	-	-
		<u>424,263</u>	<u>250,288</u>	<u>26,750</u>	<u>81,790</u>	<u>65,435</u>

Company	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
2025						
<i>Unsecured</i>						
Term loans	2031	167,875	26,125	32,875	93,875	15,000
Revolving credits	-	264,000	264,000	-	-	-
		<u>431,875</u>	<u>290,125</u>	<u>32,875</u>	<u>93,875</u>	<u>15,000</u>
2024						
<i>Unsecured</i>						
Term loans	2031	193,750	25,875	26,125	79,750	62,000
Revolving credits	-	153,000	153,000	-	-	-
		<u>346,750</u>	<u>178,875</u>	<u>26,125</u>	<u>79,750</u>	<u>62,000</u>

Term loans

The secured term loans 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	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Trade					
Trade payables	(i)	180,505	195,243	37,015	32,539
Amount due to subsidiaries	(ii)	-	-	104,738	103,619
		180,505	195,243	141,753	136,158
Non-trade					
Amount due to subsidiaries	(ii)	-	-	13,192	13,248
Amount due to associates	(iii)	1,629	960	-	-
Amount due to minority shareholders		17,361	54,869	-	-
Provision for warranty costs	(iv)	36,548	32,738	-	43
Other payables		84,519	54,536	184	967
Accrued expenses		63,246	47,983	5,288	3,230
		203,303	191,086	18,664	17,488
Total current		383,808	386,329	160,417	153,646

- (i) Included in trade payables of the Group are advances received from contract customers amounting to RM357,000 (2024 - RM562,000).

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Australian Dollar	135	326	-	-
Euro	7,763	7,875	-	82
Qatari Riyal	4,410	4,445	4,410	4,445
Singapore Dollar	488	1,881	-	-
US Dollar	10,194	14,658	-	177
Sterling Pound	2,205	2,194	-	-
Japanese Yen	-	14	-	-
Chinese Renminbi	2,528	2,568	-	-

Notes to the Financial Statements (continued)

16. Payables and accruals (continued)

- (ii) The trade payables due to subsidiaries are subject to the normal credit terms ranging from 30 to 60 days (2024 - 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 and for oil & gas projects.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	32,738	34,911	43	43
Provision made during the year	13,313	6,900	-	-
Utilised during the year	(478)	(347)	-	-
Reversal during the year	(8,589)	(5,386)	(43)	-
Effect in exchange rates	(436)	(3,340)	-	-
At 31 December	<u>36,548</u>	<u>32,738</u>	<u>-</u>	<u>43</u>

17. Hire purchase and lease liabilities

	Group	
	2025 RM'000	2024 RM'000
Non-current		
Hire purchase with financial institutions	4,386	12,716
Lease liabilities	103	2,360
	<u>4,489</u>	<u>15,076</u>
Current		
Hire purchase with financial institutions	8,654	5,372
Lease liabilities	2,131	2,790
	<u>10,785</u>	<u>8,162</u>
	<u>15,274</u>	<u>23,238</u>

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

	Group	
	2025 RM'000	2024 RM'000
Under 1 year	10,785	8,162
1 – 2 years	2,976	8,198
3 – 5 years	1,513	6,878
Total carrying value	<u>15,274</u>	<u>23,238</u>

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
2025			
Group			
Forward foreign currency contracts	218,432	3,800	-
Company			
Forward foreign currency contracts	-	-	-
2024			
Group			
Forward foreign currency contracts	54,634	21	(1,143)
Company			
Forward foreign currency contracts	11,150	21	-

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Work done under contracts for construction, cranes and vessels	811,788	1,377,836	377,021	845,576
Sale of goods and components	169,731	181,166	-	-
Services rendered	350,869	380,134	13,158	14,875
Dividend income	664	638	24,987	27,228
	<u>1,333,052</u>	<u>1,939,774</u>	<u>415,166</u>	<u>887,679</u>

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

	2025 RM'000	2024 RM'000
Group		
Revenue of the Group	1,333,052	1,939,774
Share of revenue of associates	427,490	449,728
	<u>1,760,542</u>	<u>2,389,502</u>

Notes to the Financial Statements (continued)

20. Revenue (continued)

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating profit is arrived at after charging/(crediting):				
Allowance for slow moving inventories	3,040	2,344	-	-
Allowance for diminution in value of investment	3	10	-	-
Amortisation of development costs and intellectual property	20	20	-	-
Amortisation of investments in associates	605	605	-	-
Auditors' remuneration:				
- Holding company's auditors				
- statutory audit				
- current year	686	690	232	232
- under/(over) provision in prior years	22	(2)	-	-
	708	688	232	232
- other services	40	40	20	20
- Other auditors	864	1,027	-	-
	1,612	1,755	252	252
Bad debts written off	2,604	2,313	-	197
Depreciation expenses:				
- investment properties	5	6	240	240
- property, plant and equipment	55,995	64,527	8,289	6,410
- right-of-use assets	6,450	6,502	1	-
Development costs written off	-	313	-	-
Finance costs:				
- borrowings	22,128	22,253	18,856	17,114
- interest expenses arising on financial assets/liabilities measured under MFRS 9	3,199	2,371	24,681	43,028
	25,327	24,624	43,537	60,142
- contract costs	11,313	9,654	1,749	693
	36,640	34,278	45,286	60,835
Net impairment/(reversal) loss on:				
- contract assets	10,371	7,520	(394)	443
- receivables	19,393	16,948	10,064	(11,122)
	29,764	24,468	9,670	(10,679)
- investments in associates	34,968	-	-	-
- property, plant and equipment	(54,382)	2,678	-	-

Notes to the Financial Statements (continued)

21. Operating profit (continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating profit is arrived at after charging/(crediting): (continued)				
Net provision/(reversal) for warranties	4,724	1,514	(43)	-
Net provision/(reversal) for foreseeable losses	(8,087)	8,145	(5)	(174)
Personnel expenses (including key management personnel)				
- contribution to Employees Provident Fund	20,868	27,587	1,137	406
- wages, salaries and others	190,054	194,583	12,239	14,588
Property, plant and equipment written off	1,490	976	-	-
Rental expenses	34,437	47,375	3,890	4,177
Share-based payments	1,563	1,903	656	990
Inventories written off	-	2,118	-	-
Gain on lease modification	(12)	-	-	-
Gain on disposal of property, plant and equipment	(25,814)	(15,953)	(3,247)	(312)
Gain on disposal of Investments in associates	(301)	-	(1,880)	-
Interest income	(16,116)	(14,957)	(5,527)	(7,457)
Interest income arising on financial assets/liabilities measured under MFRS 9	(4,681)	(3,111)	(47,949)	(44,088)
	(20,797)	(18,068)	(53,476)	(51,545)
Net fair value (gain)/loss on derivative instruments	(4,922)	1,888	21	246
Net fair value loss/(gain) on other investment	2,178	(1,890)	-	-
Net unrealised loss/(gain) on foreign exchange	35,698	14,916	(7,107)	7,351
Net realised loss/(gain) on foreign exchange	4,883	(9,840)	87	(9,260)
Rental income on:				
- premises	(2,941)	(2,891)	(865)	(875)

22. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company				
- Fees	847	856	377	384
- Remuneration	3,845	3,721	2,930	2,787
	4,692	4,577	3,307	3,171
Defined contribution benefits	348	351	220	221
	5,040	4,928	3,527	3,392

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax expense				
Malaysia - current	15,597	29,447	42	426
- under/(over) provision in prior year	1,243	(88)	336	-
	16,840	29,359	378	426
Foreign - current	4,807	7,686	-	-
- over provision in prior year	(128)	(5,503)	-	-
	4,679	2,183	-	-
Withholding tax	1,069	1,387	1,050	1,364
Deferred tax expense (Note 8)				
Origination and reversal of temporary differences	24,307	(4,989)	-	-
Under provision in prior years	1,916	1,943	-	-
	26,223	(3,046)	-	-
Income tax expense	48,811	29,883	1,428	1,790

Notes to the Financial Statements (continued)

23. Income tax expense (continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Reconciliation of tax expense				
Operating profit	81,177	50,009	25,147	37,065
Income tax using Malaysian tax rate at 24% (2024 - 24%)	19,482	12,002	6,035	8,896
Effect of different tax rates in foreign jurisdictions	432	281	-	-
Effect of deferred tax benefits not recognised	20,258	16,952	14,551	8,432
Utilisation of deferred tax assets not recognised in previous year	(13,504)	(11,300)	-	-
Utilisation of tax losses	-	226	-	-
Non-deductible expenses	62,919	61,191	847	3,410
Non-taxable income	(42,521)	(48,729)	(18,713)	(16,690)
Non-taxable foreign projects income	(2,678)	(3,622)	(2,678)	(3,622)
Withholding tax for foreign projects	1,069	1,387	1,050	1,364
Others	323	5,143	-	-
	45,780	33,531	1,092	1,790
Under/(Over) provision in prior years				
- current tax expense	1,115	(5,591)	336	-
- deferred tax expense	1,916	1,943	-	-
Total income tax expense	48,811	29,883	1,428	1,790

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rate prevailing in the respective jurisdiction.

24. Earnings per ordinary share (sen)

Basic earnings per share

The calculation of basic earnings per share for the financial year ended 31 December 2025 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2025 RM'000	2024 RM'000
Profit for the financial year attributable to owners of the Company	80,331	79,996

24. Earnings per ordinary share (sen) (continued)

	Group	
	2025 '000	2024 '000
Number of ordinary shares issued at 1 January	730,743	727,561
Effect of shares repurchased	(1,783)	(1,783)
Effect of shares issued under employee share options	1,204	1,088
Total weighted average number of ordinary shares in issue	<u>730,164</u>	<u>726,866</u>

	Group	
	2025	2024
Basic earnings per share (sen)	<u>11.00</u>	<u>11.00</u>

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 2025 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	
	2025 RM'000	2024 RM'000
Profit attributable to owners of the Company	<u>80,331</u>	<u>79,996</u>

	Group	
	2025 '000	2024 '000
Weighted average number of ordinary shares	730,164	726,866
Effect of dilution arising from conversion of remaining employee share options	28,082	31,101
Adjusted weighted average number of ordinary shares (diluted) at 31 December	<u>758,246</u>	<u>757,967</u>

Notes to the Financial Statements (continued)

24. Earnings per ordinary share (sen) (continued)

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	
	2025	2024
Diluted earnings per share (sen)	10.59	10.55

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.

25. Employee benefits (continued)

Share-based payments (continued)

The following options were granted under the Option scheme:

Group and Company

SIS

Grant date	Exercise price	At				At	
		1.1.2025 '000	Granted '000	Exercised '000	Forfeited '000	31.12.2025 '000	Expiry date
27.1.2023	RM0.58	303	-	(45)	-	258	26.7.2027
3.10.2022	RM0.38	30,798	-	(2,571)	(403)	27,824	26.7.2027
		<u>31,101</u>	<u>-</u>	<u>(2,616)</u>	<u>(403)</u>	<u>28,082</u>	

Grant date	Exercise price	At				At	
		1.1.2024 '000	Granted '000	Exercised '000	Forfeited '000	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
		<u>37,719</u>	<u>-</u>	<u>(3,181)</u>	<u>(3,437)</u>	<u>31,101</u>	

Subsidiary

SIS

Grant date	Exercise price	At				At	
		1.1.2025 '000	Granted '000	Exercised '000	Forfeited '000	31.12.2025 '000	Expiry date
21.9.2022	RM1.45	<u>17,405</u>	<u>-</u>	<u>(608)</u>	<u>(458)</u>	<u>16,339</u>	26.7.2027

Grant date	Exercise price	At				At	
		1.1.2024 '000	Granted '000	Exercised '000	Forfeited '000	31.12.2024 '000	Expiry date
21.9.2022	RM1.45	<u>19,288</u>	<u>-</u>	<u>(1,618)</u>	<u>(265)</u>	<u>17,405</u>	26.7.2027

Notes to the Financial Statements (continued)

25. Employee benefits (continued)

Details relating to options exercised during the year

	Company		Subsidiary	
	2025 RM	2024 RM	2025 RM	2024 RM
Average share price for the year	0.60	0.88	1.65	1.97

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Expense recognised as share-based payments	1,563	1,903	656	990

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.

26. Dividend

The dividend recognised in the current year by the Company is:

Ordinary dividend	Per share Sen	Total amount RM'000	Date of payment
2025			
First and Final per ordinary share tax exempt – for the year ended 31 December 2024	3.00	<u>21,933</u>	15 August 2025

Proposed final dividend for the year ended 31 December 2025

The Directors have recommended a first and final ordinary tax exempt dividend of 3.50 sen (2024 - 3.00 sen) per ordinary share totaling RM25,605,154 in respect of the financial year ended 31 December 2025, 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 2025.

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 731,575,818 (2024 - 728,959,818) ordinary shares as at 31 December 2025.

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.

Notes to the Financial Statements (continued)

27. Operating segments (continued)

Business segments

	Infrastructure construction		Cranes		Marine shipbuilding and ship repair		Concessions		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit before tax	168,466	66,025	86,147	88,130	19,616	20,345	91,442	119,551	(187,811)	(120,744)	177,860	173,307
Included in the measure of segment profit are:												
Revenue from external customers	493,689	927,478	783,915	888,818	55,448	123,478	-	-	-	-	1,333,052	1,939,774
Group's share of revenue of associates	41,853*	20,431	15,135	19,105	4,366	4,983	366,136	405,209	-	-	427,490	449,728
Group's revenue	535,542	947,909	799,050	907,923	59,814	128,461	366,136	405,209	-	-	1,760,542	2,389,502
Inter-segment revenue	30,697	26,943	3,231	12,492	5,669	5,101	-	-	(39,597)	(44,536)	-	-
Interest income	62,851	55,658	9,966	6,995	5,952	1,609	176	285	(58,148)	(46,479)	20,797	18,068
Finance costs	(68,305)	(63,461)	(4,774)	(5,644)	(212)	(239)	-	-	47,964	44,720	(25,327)	(24,624)
Share of results of associates	1,854	380	2,673	1,988	817	1,629	91,339	119,301	-	-	96,683	123,298
Segment net assets	515,215	322,115	842,324	810,697	202,868	241,583	673,279	789,645	(250,195)	(251,736)	1,983,491	1,912,304

* The infrastructure construction segment share of revenue of associates include contribution from manufacturing associates.

27. Operating segments (continued)

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	
	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical information								
Revenue	1,039,739	1,553,182	332,910	431,128	(39,597)	(44,536)	1,333,052	1,939,774
Group share of revenue of associates	210,778	182,153	216,712	267,575	-	-	427,490	449,728
Total revenue	1,250,517	1,735,335	549,622	698,703	(39,597)	(44,536)	1,760,542	2,389,502
Total assets	3,399,355	3,512,307	1,583,978	1,588,232	(1,399,541)	(1,495,732)	3,583,792	3,604,807

28. Capital commitments

	Group	
	2025 RM'000	2024 RM'000
Unconditional capital expenditure in respect of purchase of property, plant and equipment and construction of investment properties: - contracted for	130,120	54,750

Notes to the Financial Statements (continued)

29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2025 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
2025			
Group			
Financial assets			
Receivables and deposits	352,214	352,214	-
Cash and bank balances	783,668	783,668	-
Derivative assets	3,800	-	3,800
	<u>1,139,682</u>	<u>1,135,882</u>	<u>3,800</u>
Financial liabilities			
Loan and borrowings	(492,937)	(492,937)	-
Payables and accruals	(383,808)	(383,808)	-
Bills payable	(340,662)	(340,662)	-
Hire purchase and lease liabilities	(15,274)	(15,274)	-
	<u>(1,232,681)</u>	<u>(1,232,681)</u>	<u>-</u>
2025			
Company			
Financial assets			
Receivables and deposits	666,059	666,059	-
Cash and bank balances	304,022	304,022	-
	<u>970,081</u>	<u>970,081</u>	<u>-</u>
Financial liabilities			
Loan and borrowings	(431,875)	(431,875)	-
Payables and accruals	(160,417)	(160,417)	-
Bills payable	(236,775)	(236,775)	-
	<u>(829,067)</u>	<u>(829,067)</u>	<u>-</u>

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

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

	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
	<u>960,386</u>	<u>960,365</u>	<u>21</u>
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)
	<u>(1,204,928)</u>	<u>(1,203,785)</u>	<u>(1,143)</u>
2024			
Company			
Financial assets			
Receivables and deposits	696,813	696,813	-
Cash and bank balances	274,875	274,875	-
Derivative assets	21	-	21
	<u>971,709</u>	<u>971,688</u>	<u>21</u>
Financial liabilities			
Loan and borrowings	(346,750)	(346,750)	-
Payables and accruals	(153,646)	(153,646)	-
Bills payable	(313,063)	(313,063)	-
	<u>(813,459)</u>	<u>(813,459)</u>	<u>-</u>

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.

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Asia	215,821	195,124	50,524	46,175
Europe	26,655	58,319	-	-
America	2,682	367	-	-
Middle East	21,749	33,231	-	-
Australia	7,114	2,332	-	-
	<u>274,021</u>	<u>289,373</u>	<u>50,524</u>	<u>46,175</u>

(ii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets 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.

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.

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

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.

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
2025			
Group			
<u>Trade receivables</u>			
Not past due	155,703	(6,128)	149,575
Past due 1 - 90 days	69,475	(1,615)	67,860
Past due 91 - 180 days	44,795	(2,087)	42,708
Past due more than 180 days	97,361	(83,483)	13,878
	<u>367,334</u>	<u>(93,313)</u>	<u>274,021</u>
Contract assets	<u>265,041</u>	<u>(94,221)</u>	<u>170,820</u>
2025			
Company			
<u>Trade receivables</u>			
Not past due	48,103	(809)	47,294
Past due 1 - 90 days	2,516	(398)	2,118
Past due 91 - 180 days	75	(49)	26
Past due more than 180 days	21,449	(20,363)	1,086
Credit impaired	1,174	(1,174)	-
	<u>73,317</u>	<u>(22,793)</u>	<u>50,524</u>
Contract assets	<u>128,238</u>	<u>(7,983)</u>	<u>120,255</u>

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

	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	33,287	(5,685)	27,602
Past due more than 180 days	84,767	(72,373)	12,394
	<u>372,948</u>	<u>(83,575)</u>	<u>289,373</u>
Contract assets	<u>378,385</u>	<u>(83,860)</u>	<u>294,525</u>
2024			
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)	-
	<u>59,137</u>	<u>(12,962)</u>	<u>46,175</u>
Contract assets	<u>167,693</u>	<u>(8,377)</u>	<u>159,316</u>

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.

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

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			
2025			
Low credit risk	16,716	(283)	16,433
Credit impaired	-	-	-
	<u>16,716</u>	<u>(283)</u>	<u>16,433</u>
2024			
Low credit risk	12,229	(358)	11,871
Credit impaired	-	-	-
	<u>12,229</u>	<u>(358)</u>	<u>11,871</u>
Company			
2025			
Low credit risk	3,179	(98)	3,081
Credit impaired	-	-	-
	<u>3,179</u>	<u>(98)</u>	<u>3,081</u>
2024			
Low credit risk	625	(98)	527
Credit impaired	-	-	-
	<u>625</u>	<u>(98)</u>	<u>527</u>

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

Amount due from Subsidiaries/Associates

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

The Group 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/associates are summarised below:

	Gross amount RM'000	Lifetime loss allowance RM'000	Carrying amount RM'000
Group			
2025			
Low credit risk	116,918	(63,760)	53,158
Credit impaired	-	-	-
	<u>116,918</u>	<u>(63,760)</u>	<u>53,158</u>
2024			
Low credit risk	105,024	(55,817)	49,207
Credit impaired	-	-	-
	<u>105,024</u>	<u>(55,817)</u>	<u>49,207</u>
Company			
2025			
Low credit risk	589,746	(147,087)	442,659
Credit impaired	370,791	(204,302)	166,489
	<u>960,537</u>	<u>(351,389)</u>	<u>609,148</u>
2024			
Low credit risk	631,690	(146,853)	484,837
Credit impaired	366,809	(204,303)	162,506
	<u>998,499</u>	<u>(351,156)</u>	<u>647,343</u>

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

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 2025						
At 1 January	83,575	358	55,817	-	83,860	223,610
Addition during the financial year	36,548	65	10,046	-	12,151	58,810
Reversal during the financial year	(25,553)	(140)	(1,573)	-	(1,780)	(29,046)
Written off	(517)	-	-	-	-	(517)
Exchange difference	(740)	-	(530)	-	(10)	(1,280)
At 31 December	93,313	283	63,760	-	94,221	251,577
Company 2025						
At 1 January	12,962	98	213	350,943	8,377	372,593
Addition during the financial year	9,831	-	-	233	-	10,064
Reversal during the financial year	-	-	-	-	(394)	(394)
At 31 December	22,793	98	213	351,176	7,983	382,263

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

The movements in the allowance for impairment losses in the previous year were: (continued)

	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	83,880	1,897	46,384	-	76,340	208,501
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	83,575	358	55,817	-	83,860	223,610
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

29. Financial instruments (continued)

29.3 Credit risk (continued)

(ii) Assessment of impairment losses (continued)

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 RM74.2 million (2024 - RM71.6 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.

29.4 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				
2025				
Secured borrowings				
- Term loans	4.4 – 4.6	7,407	5,246	-
- Bank overdrafts	4.8	2,509	-	-
- Hire purchase	5.3 – 6.2	8,654	4,386	-
Unsecured borrowings				
- Term loans	4.1 – 4.8	26,125	126,750	15,000
- Revolving credits	3.2 – 4.5	309,900	-	-
Unsecured bills payable	3.5 – 5.4	340,662	-	-
Unsecured payables and accruals	-	383,808	-	-
Lease liabilities	2.9 – 4.1	2,131	103	-
		<u>1,081,196</u>	<u>136,485</u>	<u>15,000</u>

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

29.4 Liquidity risk (continued)

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: (continued)

	Effective interest rate %	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2024				
Secured borrowings				
- Term loans	4.4 – 5.9	1,505	2,665	3,435
- Bank overdrafts	2.5	5,008	-	-
- Hire purchase	5.6 – 6.2	5,372	12,716	-
Unsecured borrowings				
- Term loans	4.9 – 5.1	25,875	105,875	62,000
- 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	-
		<u>1,014,734</u>	<u>123,616</u>	<u>65,435</u>

	Effective interest rate %	Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
Company				
2025				
Unsecured borrowings				
- Term loans	4.1 – 4.8	26,125	126,750	15,000
- Revolving credits	3.8 – 4.4	264,000	-	-
Unsecured bills payable	3.5 – 3.9	236,775	-	-
Unsecured payables and accruals	-	160,417	-	-
		<u>687,317</u>	<u>126,750</u>	<u>15,000</u>
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	-	-
		<u>645,584</u>	<u>105,875</u>	<u>62,000</u>

29. Financial instruments (continued)

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 (continued)

29.5 Interest rate risk (continued)

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 RM3,762,000 (2024 - RM4,118,000) and RM3,171,300 (2024 - RM3,498,700). 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 States 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.

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					
2025					
Financial assets	245,166	37,578	65,547	9,319	3,464
Financial liabilities	(61,778)	(22,821)	(27,586)	(582)	(5,258)
Net financial assets/(liabilities)	183,388	14,757	37,961	8,737	(1,794)
<i>Less:</i>					
Net financial liabilities denominated in the respective entities' functional currencies	(73,097)	(17,613)	(37,637)	(5,610)	(2,615)
Forward foreign currency contracts (contracted notional principal)	(220,172)	(132)	(6,308)	-	-
Net currency exposure	(109,881)	(2,988)	(5,984)	3,127	(4,409)

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

29.6 Foreign currency risk (continued)

The Group's exposure to major foreign currencies risk, based on carrying amounts as at the end of the reporting period are as follows: (continued)

	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)
<i>Less:</i>					
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	<u>21,797</u>	<u>(8,176)</u>	<u>(1,839)</u>	<u>1,437</u>	<u>(4,446)</u>

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					
2025					
- strengthened by 5%	(4,175)	(114)	(227)	119	(168)
- weakened by 5%	4,175	114	227	(119)	168
2024					
- strengthened by 5%	828	(311)	(70)	55	(169)
- weakened by 5%	(828)	311	70	(55)	169

29. Financial instruments (continued)

29.6 Foreign currency risk (continued)

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					
2025					
Financial assets	22,167	45,487	1,020	11	1
Financial liabilities	(89,440)	-	(1,639)	(38,765)	(4,416)
Net financial assets/(liabilities)	(67,273)	45,487	(619)	(38,754)	(4,415)
<i>Less:</i>					
Forward foreign currency contracts (contracted notional principal)	-	-	-	-	-
Net currency exposure	(67,273)	45,487	(619)	(38,754)	(4,415)
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)
<i>Less:</i>					
Forward foreign currency contracts (contracted notional principal)	11,175	-	-	-	-
Net currency exposure	(34,362)	43,822	(634)	(40,336)	(4,444)

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					
2025					
- strengthened by 5%	(2,556)	1,728	(23)	(1,473)	(168)
- weakened by 5%	2,556	(1,728)	23	1,473	168
2024					
- strengthened by 5%	(1,306)	1,665	(24)	(1,533)	(169)
- weakened by 5%	1,306	(1,665)	24	1,533	169

Notes to the Financial Statements (continued)

29. Financial instruments (continued)

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				
2025				
Financial assets				
Forward exchange contracts	-	3,800	-	3,800
Short-term funds	328,190	-	-	328,190
	<u>328,190</u>	<u>3,800</u>	<u>-</u>	<u>331,990</u>
2024				
Financial assets				
Forward exchange contracts	-	21	-	21
Short-term funds	238,834	-	-	238,834
	<u>238,834</u>	<u>21</u>	<u>-</u>	<u>238,855</u>
Financial liabilities				
Forward exchange contracts	-	1,413	-	1,413
	<u>-</u>	<u>1,413</u>	<u>-</u>	<u>1,413</u>

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 *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.

30.2 *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. The COA directed MEB Group case to be heard at the SCIT. The next hearing date are scheduled in December 2026 and in January 2027.

30.3 *The arbitration from Haumea Offshore Sdn. Bhd. (formerly known as Trans Fame Off Shore Sdn Bhd)(“TFO”)*

The Company was served with a Notice of Arbitration from TFO for a total claim of RM43.4 million (“the Claim”) in respect of a sub-contract work for the Yetagan Acid Gas Removal Unit Project, which was mutually terminated with effect from 15 July 2020. Both parties have since filed their respective pleadings and are currently in the process of exchanging documents. The hearing for the matter has been fixed for November 2026.

Notes to the Financial Statements (continued)

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	
	2025 RM'000	2024 RM'000
Significant transactions with subsidiaries:		
Gross dividend income	(13,555)	(18,555)
Purchase of materials and services	348,560	836,789
Rental expense	4,501	4,652
Rental income	(840)	(840)
Progress billing receivable	(1,308)	-
Sale of property, plant and equipment	-	(46)
Purchase of property, plant and equipment	2,797	13,579
Shared services	(2,000)	(2,000)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Significant transactions with associates:				
Gross dividend income	(145,773)	(77,077)	(11,400)	(8,650)
Technical assistance fee	(11,158)	(12,852)	(11,158)	(12,852)
Interest income	(162)	(2,044)	(162)	(2,044)
Sale of goods	(22,265)	(31,584)	-	-

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 2025 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 event after the financial year

On 12 January 2026, Favelle Favco Berhad, a listed subsidiary of the Company had entered into a conditional share purchase agreement with Marec Industrie SAS ("Marec") for the acquisition of 100% equity interest in Seram Industries SAS ("Seram") for a purchase consideration of up to EUR10.0 million, comprising an initial purchase price of EUR7.5 million and conditional deferred consideration of up to EUR2.5 million.

On 31 January 2026, the parties entered into an amended SPA to revise certain terms, including the extension of the closing date, payment and escrow arrangements, and the classification of bank guarantees as a condition subsequent.

On 9 February 2026, the parties completed the transfer of the equity interests in Seram. The bank guarantees, which were classified as a condition subsequent, were subsequently obtained on 9 April 2026 within the stipulated timeframe.

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 66 to 149 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed 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: 13 April 2026

.....
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 66 to 149 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 13 April 2026.

.....
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 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 66 to 149.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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; (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;

Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (continued)

Key Audit Matters (continued)

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>Our audit procedures included, among others: (continued)</p> <ul style="list-style-type: none"> (iv) Assessing the reasonableness of percentage of completion by comparing to certification by external parties; (v) Assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses; and (vi) Assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards.

Investments in associates Refer to Note 6 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Use of component auditors' work and significant risk relating to revenue recognition of associates</p> <p>The major associates are audited by 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 auditors' working papers to ensure sufficient audit procedures had been performed, and the associates' revenue recognition policy were consistent with the accounting standards and have been applied consistently.</p>	<p>We have communicated with the major associates' component auditors 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 auditors are used as evidence in the Group audit.</p> <p>The procedures performed by the component auditors on revenue included:-</p> <ul style="list-style-type: none"> (i) Performing test on the operating effectiveness of the associates' controls relevant to recognition of revenue; (ii) Performing sales transaction test to ensure the accuracy and validity of revenue recognised; and (iii) Performing sales cut off test to ensure revenue is recognised in the proper accounting period.

Key Audit Matters (continued)

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 the 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; (iv) 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.

Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (continued)

Key Audit Matters (continued)

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 judgements 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; and (ii) Assessing the adequacy of write-down of inventories.

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 2025, the Group has goodwill of RM75.283 million from 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 the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of 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.

Independent Auditors' Report to the members of Muhibbah Engineering (M) Bhd. (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

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

13 April 2026

Chong Wei-Chnoong
03525/08/2026 J
Chartered Accountant

List of Top 10 Properties as at 31 December 2025

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	2025	Leasehold expiring 2103	148,400 sq. m.	19 years	146,923
2	Hakmilik 75336, Lot 104505, Mukim & District of Klang, Selangor	Office building, factory and warehouse	2025	Leasehold expiring 2106	86,937 sq. m.	29 years	88,066
3	Hakmilik 109115, Lot 104623, Telok Gong, Mukim & District of Klang, Selangor	Vacant land	2023	Leasehold expiring 2093	105,200 sq. m.	2 years	24,584
4	28, Yarrunga Street, Prestons, NSW 2170, Australia	Office building and factory	2022	Freehold	11.6 acres	55 years	184,513
5	HS(D) 99547, Lot 104626, Telok Gong, Mukim & District of Klang, Selangor	Factory building and workshop	2025	Leasehold expiring 2103	52,490 sq. m.	15 years	56,572
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.	20 years	41,541
7	Geran Mukim 17872, Lot 69222, Mukim Kapar, District of Klang, Selangor	Office building and factory	2022	Freehold	18,207 sq. m.	43 years	37,212
8	Hakmilik 6322, Lot 129073, Telok Gong, Mukim & District of Klang Selangor	Factory building and workshop	2025	Leasehold expiring 2104	30,889 sq. m.	11 years	34,897
9	Geran # 26559, Lot 9895, Kg. Jawa, Mukim & District of Klang, Selangor	Office building and factory	2022	Freehold	5.1 acres	26 years	22,293
10	7 AL, Nordkranvej 2, 3540, Lyngø DK Denmark	Factory building with office block	2022	Freehold	59,525 sq. m.	55 years	16,939
	Total						<u>653,540</u>

Statistics of Shareholdings as at 31 March 2026

Share Capital

Total number of Issued shares	:	731,689,818* 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	358	4.120	4,790	0.001
100 – 1,000	1,165	13.406	687,307	0.094
1,001 – 10,000	3,846	44.258	20,116,878	2.749
10,001 – 100,000	2,660	30.610	89,832,694	12.278
100,001 - 36,584,489**	660	7.595	549,836,449	75.146
36,584,490 and above***	1	0.011	71,211,700	9.732
Total	8,690	100.000	731,689,818	100.000

Note:

* Excluding a total of 1,783,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026

** Less than 5% of issued shares

*** 5% and above of issued shares

Directors' Shareholdings as per Register of Directors' Shareholdings as at 31 March 2026

Name	Direct Interest	%*	Indirect/ Deemed Interest	%*
Mac Ngan Boon @ Mac Yin Boon	123,638,124	16.898	29,943,750 ^(a)	4.092
Mac Chung Jin	9,990,000	1.365	75,000 ^(a)	0.010
Lee Poh Kwee	11,712,308	1.601	975,000 ^(a)	0.133
Mazlan bin Abdul Hamid	500,000	0.068	-	-

Notes:-

(a) Deemed interested by virtue of the shares held by his/her spouse and/or children pursuant to Section 59(11) (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 31 March 2026.

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 2025 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 2025 enclosed in this Annual Report.

Substantial Shareholders' Shareholdings as per Register of Substantial Shareholders as at 31 March 2026

Name	Direct Interest ^(a)	%*	Deemed Interest ^(a)	%*
Mac Ngan Boon @ Mac Yin Boon	123,638,124	16.898	-	-

Notes:-

* Excluding a total of 1,783,000 shares purchased by the Company and retained as treasury shares as at 31 March 2026.

(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 31 March 2026 (continued)

List of 30 Largest Shareholders as at 31 March 2026

No.	Names	Shareholdings	%
1	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	71,211,700	9.732
2	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon (551002)	23,218,208	3.173
3	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (6000009)	21,492,100	2.937
4	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mac Ngan Boon @ Mac Yin Boon	20,650,000	2.822
5	Maybank Securities Nominees (Tempatan) Sdn Bhd For Chew Keng Siew	15,326,250	2.095
6	Universal Capital Resources Sdn Bhd	13,734,450	1.877
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Keng Thye (6001069)	12,301,000	1.681
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kian Aik	11,308,800	1.546
9	Ooi Theng Lin	10,660,550	1.457
10	Ooi Theng Khee	10,660,549	1.457
11	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	10,500,000	1.435
12	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-cap Fund	10,356,700	1.415
13	Maybank Nominees (Tempatan) Sdn Bhd Maybank Private Wealth Management For Mac Chung Jin (PW-M00050) (371133)	9,990,000	1.365
14	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap (6001071)	9,114,500	1.246
15	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA For Fidelity Funds Pacific	8,742,000	1.195

List of 30 Largest Shareholders as at 31 March 2026 (continued)

No.	Names	Shareholdings	%
16	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Chung Hui	8,107,500	1.108
17	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Poh Kwee	8,042,900	1.099
18	Lembaga Tabung Haji	7,978,700	1.090
19	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Cheng Chew Giap	6,806,800	0.930
20	Noriyati Binti Hassan	6,780,000	0.927
21	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Ngan Boon @ Mac Yin Boon	6,776,416	0.926
22	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,385,600	0.873
23	Maybank Securities Nominees (Tempatan) Sdn Bhd For Mac Chung Lynn	6,000,000	0.820
24	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Eastspringesg)	5,582,200	0.763
25	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	5,353,086	0.732
26	Ho Shu Keong	5,000,000	0.683
27	HSBC Nominees (Asing) Sdn Bhd Societe Generale Paris	4,770,900	0.652
28	Maybank Nominees (Tempatan) Sdn Bhd Syarikat Takaful Malaysia Keluarga Berhad (ORDPA)	4,463,600	0.610
29	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM KAF) (446190)	4,367,000	0.597
30	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Jessie W.Y Soon (PB)	3,673,150	0.502
		349,354,659	47.745

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Third 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, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on **Thursday, 11 June 2026 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 2025 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 3.50 sen per ordinary share in respect of the financial year ended 31 December 2025. | 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’ Khodijah binti Abdullah; and
(ii) Encik Mazlan bin Abdul Hamid. | Ordinary Resolution 2
Ordinary Resolution 3
(Explanatory Note 2) |
| 4. To re-elect Encik Madzri bin Ab. Rahman who retires pursuant to Article 91 of the Constitution of the Company. | Ordinary Resolution 4
(Explanatory Note 2) |
| 5. To approve the payment of Directors’ fees and benefits payable up to an amount of RM1,500,000.00 from 12 June 2026 until the next AGM of the Company. | Ordinary Resolution 5
(Explanatory Note 3) |
| 6. 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:-

- | | |
|---|--|
| 7. Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016 | Ordinary Resolution 7
(Explanatory Note 4) |
|---|--|

“**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 8
(Explanatory Note 5)

“**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
 - (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.”

Notice of Annual General Meeting (continued)

9. Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 9 (Explanatory Note 6)

“**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 2026 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 2026

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 4 June 2026 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 Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> and select “e-Services” to login. 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.*

Notice of Annual General Meeting (continued)

- 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 2025

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 items 3 and 4 of this Agenda are set out in the Board of Directors' profile of the Annual Report 2025.

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' Khodijah binti Abdullah 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' Khodijah binti Abdullah, who was appointed as a Director of the Company on 8 August 2022, retires by rotation pursuant to Article 85 of the Company's Constitution and being eligible, has offered herself for re-election at the Fifty-Third AGM.

Shareholders' approval is sought for the re-election of Dato' Khodijah binti Abdullah, Ordinary Resolution 2. The profile of Dato' Khodijah binti Abdullah listed in the Profile of Directors section.

(b) Re-election of Encik Mazlan bin Abdul Hamid 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. Encik Mazlan bin Abdul Hamid, 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-Third AGM.

Shareholders' approval is sought for the re-election of Encik Mazlan bin Abdul Hamid, Ordinary Resolution 3. The profile of Encik Mazlan bin Abdul Hamid listed in the Profile of Directors section.

(c) Re-election of Encik Madzri bin Ab. Rahman as Director

In accordance with Article 91 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next AGM and shall then be eligible for re-election. Encik Madzri bin Ab. Rahman, who was appointed as a Director of the Company on 28 August 2025, retires pursuant to Article 91 of the Company's Constitution and being eligible, has offered himself for re-election at the Fifty-Third AGM.

Shareholders' approval is sought for the re-election of Encik Madzri bin Ab. Rahman, Ordinary Resolution 4. The profile of Encik Madzri bin Ab. Rahman 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-Third AGM on the Directors' fees and benefits under Ordinary Resolution 5. The Directors' benefits comprise meeting allowances, travelling allowances and other benefits.

4. Ordinary Resolution 7: Authority for Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016

For Ordinary Resolution 7, 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 26 June 2025. The Company did not exercise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

5. Ordinary Resolution 8: Proposed Renewal of Authority for Share Buy-Back

For Ordinary Resolution 8, the detailed information on the Proposed Renewal of Authority for Share Buy-Back is set out in the Statement/Circular to Shareholders dated 29 April 2026.

6. Ordinary Resolution 9: Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For Ordinary Resolution 9, the detailed information on the Proposed Shareholders' Mandate is set out in Statement/Circular to Shareholders dated 29 April 2026.

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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Number of Shares Held	CDS Account Number

Proxy Form

*I/*We _____ NRIC No./Passport No./Registration No. _____
(Full name as per NRIC/Certificate of Incorporation in Capital Letters)

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-Third Annual General Meeting of the Company which will be held at Concorde Hotel Shah Alam, Concorde I, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 11 June 2026 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%

*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 3.50 sen per ordinary share.		
2.	To re-elect Dato' Khodijah binti Abdullah as Director of the Company.		
3.	To re-elect Encik Mazlan bin Abdul Hamid as Director of the Company.		
4.	To re-elect Encik Madzri bin Ab. Rahman 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 12 June 2026 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 Directors to issue and allot shares in the Company pursuant to Section 75 of the Companies Act 2016.		
8.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
9.	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 2026

[* 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 Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> and select “e-Services” to login. 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: (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.
- 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.

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Stamp
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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
