



Coastal Contracts Bhd.

Registration No. 200001015043 (517649-A)

ANNUAL REPORT 2025



“SAIL FORTH, GROW BEYOND”



CONTENTS

- 2 NOTICE OF ANNUAL GENERAL MEETING
- 6 STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
- 7 CORPORATE INFORMATION
- 8 5-YEARS' GROUP FINANCIAL SUMMARY
- 9 CORPORATE STRUCTURE
- 10 DIRECTORS' PROFILES
- 13 KEY SENIOR MANAGEMENT
- 15 CHAIRMAN'S STATEMENT
- 19 MANAGEMENT DISCUSSION AND ANALYSIS
- 24 SUSTAINABILITY STATEMENT
- 95 AUDIT COMMITTEE REPORT
- 98 CORPORATE GOVERNANCE OVERVIEW STATEMENT
- 110 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
- 112 ADDITIONAL COMPLIANCE INFORMATION
- 113 STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS
- 114 FINANCIAL STATEMENTS
- 204 DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING
- 206 LIST OF PROPERTIES IN THE GROUP
- 208 ANALYSIS OF SHAREHOLDINGS FORM OF PROXY



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at the Registered Office, Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Friday, 19 June 2026 at 10:00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note (a))*
2. To approve the payment of fees and benefits to Non-Executive Directors, of up to but not exceeding the amount of RM210,000 for the period from 20 June 2026 until the next Annual General Meeting of the Company.
3. To re-elect the following Directors:
 - 3.1 Mr. Ng Chin Heng retiring pursuant to Clause 100 of the Company's Constitution and being eligible, offers himself for re-election.
 - 3.2 Mr. Seeto Yee @ Seeto Tin Yee retiring pursuant to Clause 100 of the Company's Constitution and being eligible, offers himself for re-election.
 - 3.3 Madam Teo Gim Suan retiring pursuant to Clause 97 of the Company's Constitution and being eligible, offers herself for re-election.
4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution with or without modification:

ORDINARY RESOLUTION

Proposed Retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director

" THAT approval be and is hereby given for Tuan Hj. Ir. Intizam Bin Ayub, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to be retained and to continue to act as an Independent Non-Executive Director of the Company up to 6 October 2026 (not exceeding the twelve (12)-year limit)."

Resolution 6

6. To consider and if thought fit, to pass the following resolution with or without modification:

ORDINARY RESOLUTION

Authority to issue shares pursuant to the Companies Act 2016

" THAT subject always to the Companies Act 2016, ("the Act"), the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act to allot and issue shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being.

Resolution 7

Notice of Annual General Meeting (cont'd.)

6. To consider and if thought fit, to pass the following resolution with or without modification: (cont'd)

ORDINARY RESOLUTION (cont'd)

Authority to issue shares pursuant to the Companies Act 2016 (cont'd)

AND THAT pursuant to Clause 14 of the Company's Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Act be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company.

AND THAT 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 Securities.

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company. ”

7. To consider and if thought fit, to pass the following resolution with or without modification:

ORDINARY RESOLUTION

Proposed Renewal of Share Buy-Back Authority

“ THAT subject to the provisions of the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, rules, regulations and orders, and the approvals of all relevant regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (“Shares”) as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company, provided that:

- (i) the aggregate number of Shares purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained earnings of the Company;

AND THAT such Shares purchased may be retained as treasury shares and/or distributed as dividends and/or resold on the market of Bursa Securities and/or be cancelled, as the Directors may deem fit and expedient in the interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it shall lapse, unless by a resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to any extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to take all such steps and to do all acts and things (including the execution of all relevant documents) as they may deem necessary or expedient to implement, finalise and give full effect to this resolution. ”

Resolution 8

Notice of Annual General Meeting (cont'd.)

8. To transact any other business of the Company of which due notice has been given to the Company.

By Order of the Board

Ho Ling Ling (MAICSA 7012567)(SSM PC No. 202008000066)
Tai Khyun Khyun (LS0009046)(SSM PC No. 202008001328)
Company Secretaries

Kota Kinabalu, Sabah
Dated: 30 April 2026

Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.
- (b) For the purpose of determining member's eligibility to attend this Meeting, only member whose name appears in the Record of Depositors as at 12 June 2026 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- (c) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint not more than 2 proxies to attend and vote in his stead at the Meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
- (d) 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.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at this meeting at which the appointor is entitled to vote.
- (f) The instrument appointing a proxy shall be left at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, or received at the electronic address at ir@coastalcontracts.com, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.
- (g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

Explanatory Notes

(a) Audited Financial Statements for the financial year ended 31 December 2025

Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.

(b) Ordinary Resolution – Proposed Retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director

In relation to the proposed Resolution 6, the Board of Directors has via the Nomination Committee assessed the independence of Tuan Hj. Ir. Intizam Bin Ayub, who has served as an Independent Non-Executive Director of the Company for a cumulative term exceeding nine (9) years. Following this assessment, the Board recommended that he be retained to continue serving as an Independent Non-Executive Director of the Company up to 6 October 2026, being the final day of the twelve (12)-year tenure limit, based on the following justifications:

Notice of Annual General Meeting (cont'd.)

Explanatory Notes (cont'd.)

(b) Ordinary Resolution – Proposed Retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director (cont'd.)

- (i) He fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) With their years of experience in the Company, he is familiar with the Company's business operations, thus enabling him to contribute actively and effectively during deliberations or discussions at the Board Meetings;
- (iii) He has demonstrated his capability as independent director and provided numerous constructive suggestions to the Board; and
- (iv) His level of independence and competency have not been impaired with time.

The proposed Resolution 6, if passed, will allow Tuan Hj. Ir. Intizam Bin Ayub to continue serving as an Independent Non-Executive Director of the Company up to 6 October 2026, being the final day of the twelve (12)-year tenure limit, or until such earlier date as he may cease to hold office.

The Company would seek shareholders' approval for retention of him as independent director, who has served the Company for a cumulative term of more than 9 years, via a two-tier voting process in accordance with the Malaysian Code on Corporate Governance.

(c) Ordinary Resolution - Authority to issue shares pursuant to the Companies Act 2016

The proposed Resolution 7, if passed, shall:

1. empower the Directors to allot and issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes and to such person(s) as the Directors, may in their absolute discretion, deem fit; and
2. give direction to the Directors to offer and issue new shares of the Company pursuant to the authority granted under this Resolution 7, to any such persons without first offering the new shares to the existing members of the Company in proportion to their shareholdings.

This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting.

This general mandate was not utilised since its approval of renewal by the shareholders on 19 June 2025. The renewal of the general mandate is to facilitate the Company to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

(d) Ordinary Resolution - Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 8, if passed, shall empower the Directors of the Company to buy back the shares of the Company of not exceeding 10% of the total number of issued shares of the Company from time to time as may be determined by the Directors of the Company, who deem fit and expedient, in the interests of the Company.

This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Shareholders are directed to refer to the Share Buy-Back Statement dated 30 April 2026 for more information.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of the individuals who are standing for re-election or re-appointment as Directors in accordance with Agenda 3 of the Notice of Annual General Meeting are set out on pages 10 to 12 of this Annual Report, whereas the details of their interest in the securities of the Company are disclosed on pages 208 to 210 of this Annual Report.
2. Details on the authority to issue shares pursuant to the Companies Act 2016 are provided under the Explanatory Notes on Special Business in the Notice.



Corporate Information

BOARD OF DIRECTORS

Ng Chin Heng

Executive Chairman

Teo Gim Suan

Independent Non-Executive Director

Ng Chin Shin

Executive Director

Hj. Ir. Intizam Bin Ayub

Independent Non-Executive Director

Alice Ng

Executive Director

Seeto Yee @ Seeto Tin Yee

Independent Non-Executive Director

AUDIT COMMITTEE

Teo Gim Suan

Chairman

Hj. Ir. Intizam Bin Ayub

Member

Seeto Yee @ Seeto Tin Yee

Member

NOMINATION COMMITTEE

Seeto Yee @ Seeto Tin Yee

Chairman

Hj. Ir. Intizam Bin Ayub

Member

Teo Gim Suan

Member

REMUNERATION COMMITTEE

Seeto Yee @ Seeto Tin Yee

Chairman

Hj. Ir. Intizam Bin Ayub

Member

Teo Gim Suan

Member

COMPANY SECRETARIES

Ho Ling Ling

SSM PC No. 202008000066

MAICSA 7012567

Tai Khyun Khyun

SSM PC No. 202008001328

Licence No. LS0009046

REGISTERED OFFICE

Block G, Lot 3B, Bandar Leila

W.D.T. 259, 90009 Sandakan, Sabah

Tel : +60 89 616263

Fax : +60 89 616654, 611130

Website : <https://www.coastalcontracts.com>

Email : ir@coastalcontracts.com

REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan

Tel : +60 3 7890 4700

Fax : +60 3 7890 4670

Email : BSR.Helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

Al Rajhi Banking & Investment Corporation
(Malaysia) Bhd

AmBank (M) Berhad

CIMB Bank Berhad

DBS Bank Ltd.

Hong Leong Bank Berhad

HSBC Amanah Malaysia Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

Maybank Islamic Berhad

RHB Bank Berhad

The Hongkong and Shanghai Banking
Corporation Ltd.

United Overseas Bank Limited

United Overseas Bank (Malaysia) Bhd.

AUDITORS

Crowe Malaysia PLT

Firm No. 201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Level 16, Tower C, Megan Avenue 2

12, Jalan Yap Kwan Seng, 50450

Kuala Lumpur, Malaysia

Tel : +60 3 2788 9999

Fax : +60 3 2788 9998

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

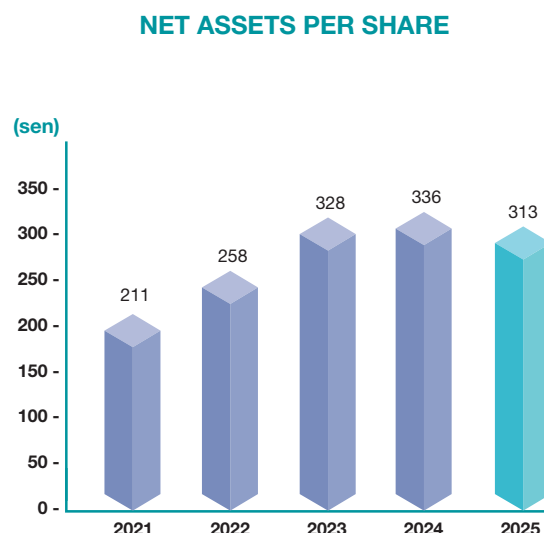
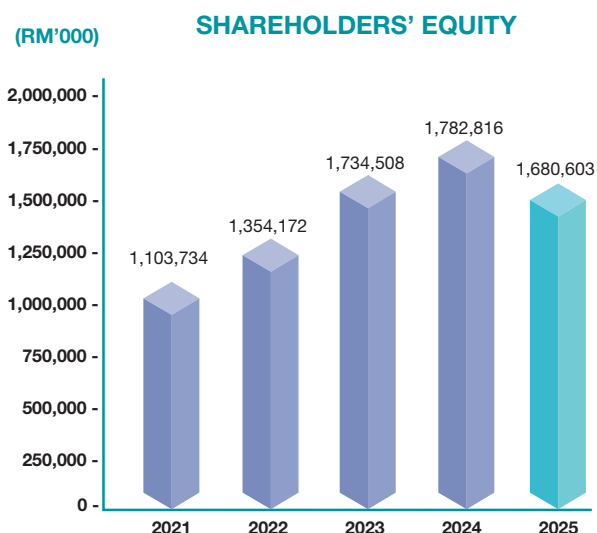
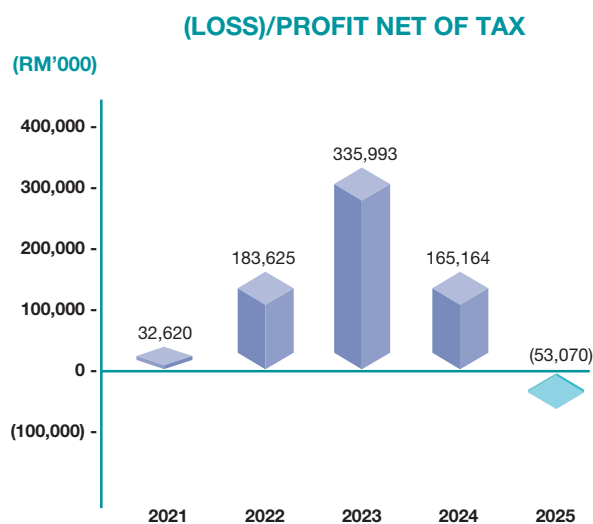
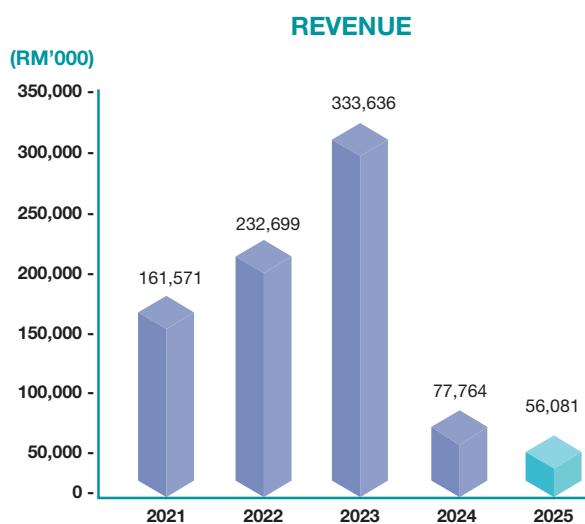
Stock Name : COASTAL

Stock Code : 5071

5-Years' Group Financial Summary

	2025	2024	2023	2022	2021
Financial Results (RM'000)					
Revenue	56,081	77,764	333,636	232,699	161,571
(Loss)/Profit before tax	(51,626)	183,726	380,845	213,703	51,904
(Loss)/Profit net of tax	(53,070)	165,164	335,993	183,625	32,620
Statement of Financial Position (RM'000)					
Total assets	1,755,857	1,880,406	2,009,175	2,012,343	1,396,182
Total borrowings	13,750	30,943	55,686	463,495	92,282
Shareholders' equity	1,680,603	1,782,816	1,734,508	1,354,172	1,103,734
Financial Indicators					
Return on equity	(3.06%)	9.39%	21.76%	14.94%	2.98%
(Loss)/Earnings per share (sen)	(8.94)	30.50	61.59	34.41	6.17
Net assets per share (sen)	313	336	328	258	211
Dividend per share (sen)	3.00	5.00	-	-	-

The figures for 2023 are for 18-month financial period while the figures for other years are for full 12-month financial year.

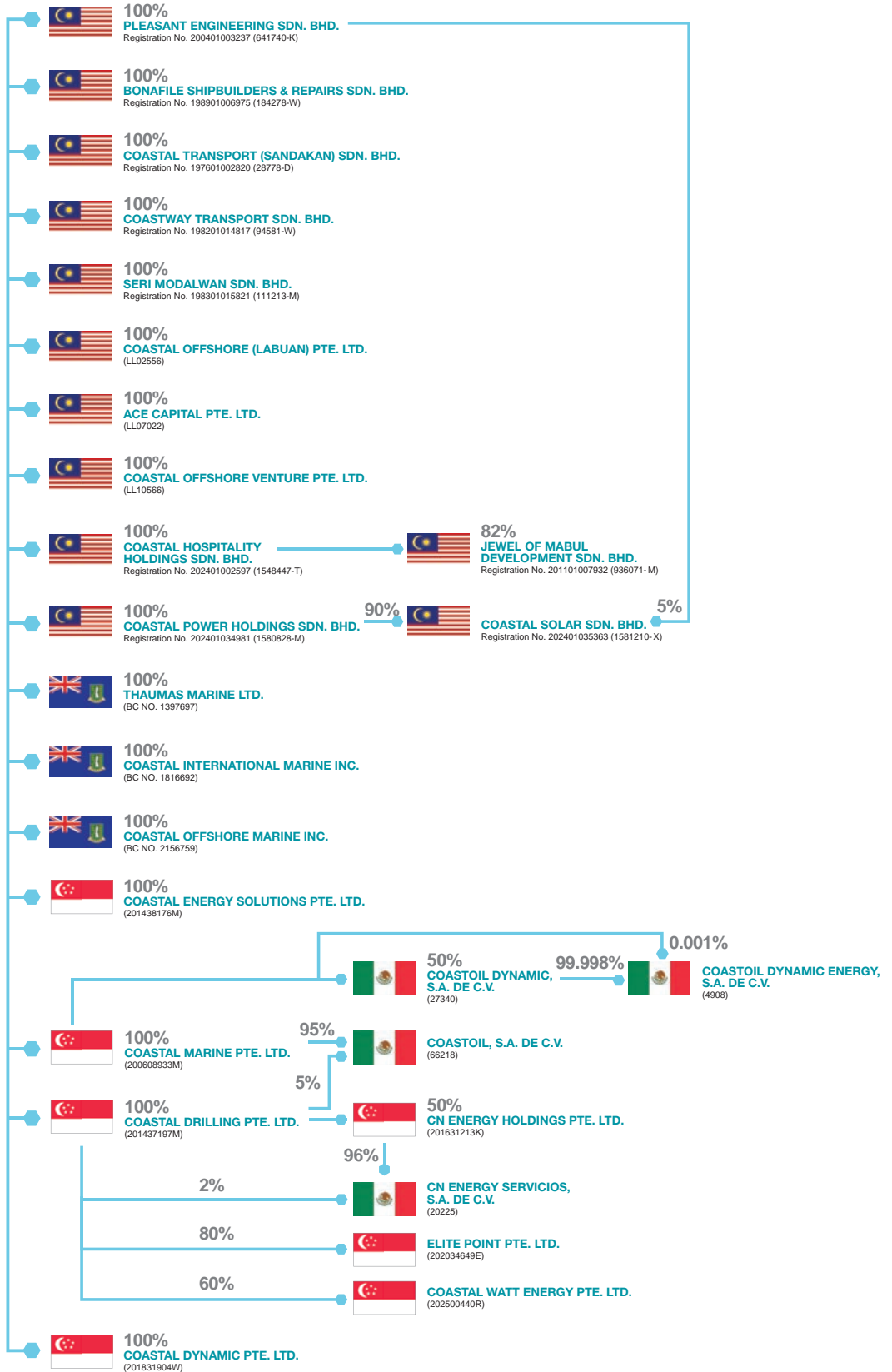


Corporate Structure

As at 24 March 2026



Coastal Contracts Bhd.
Registration No. 200001015043 (517649-A)



Directors' Profiles

The Board currently has six members, comprising three Executive Directors (including the Chairman) and three Independent Non-Executive Directors. A brief description of the background of each Director is presented below:

NG CHIN HENG

EXECUTIVE CHAIRMAN

Male, Aged 77, Malaysian

Mr Ng Chin Heng was appointed as Executive Chairman to the Board on 8 August 2000.

He is the principal founder of Coastal Group. Soon after completing the Lower Certificate of Education and gaining work experience in various capacities, Mr Ng Chin Heng started his business endeavour in 1977 trading in animal feed, fertilisers and raw rubber. Subsequently, he ventured into vessel chartering business in 1982 when he acquired Coastal Transport (Sandakan) Sdn. Bhd., a tug and barge hire company, which then owned and operated 4 small old tankers. He then acquired the technical and management skills in tugboat and barge repairs and fabrications. He further learned and improved the technical and management aspects of shipyard operations by visiting some of the shipyards in Malaysia, Indonesia, Singapore and China.

Mr Ng Chin Heng is responsible for leadership of the Board of the Company, ensuring its effectiveness and setting its agenda. He meets with shareholders to ensure that there is sufficient and effective communication to understand shareholders' issues and concerns. He is responsible for executing the strategy agreed by the Board and developing objectives through leadership of the senior executive team. He also ensures that the Group's risks are adequately addressed and appropriate internal controls are in place.

Mr Ng Chin Heng attended all five Board meetings held during the financial year ended 31 December 2025.

As at 24 March 2026, Mr Ng Chin Heng has direct interests of 6.95% and indirect interests of 40.17%. by virtue of Ivory Asia Sdn Bhd's, his wife's and children's shareholdings in Coastal Contracts Bhd. He is the father of Madam Alice Ng and brother of Mr Ng Chin Shin, both the Directors of the Company, and the husband of Madam Pang Fong Thau, a substantial shareholder of the Company. Save as disclosed on pages 181 and 182 of the Annual Report on related party transactions, he has no conflict of interest with the Company.

NG CHIN SHIN

EXECUTIVE DIRECTOR

Male, Aged 67, Malaysian

Mr Ng Chin Shin was appointed as Executive Director to the Board on 8 August 2000.

He is one of the co-founders of Coastal Group. Shortly after completing the Lower Certificate of Education, he went on to become a mechanic and welder in 1975 and subsequently a mechanic and construction supervisor. He gained his experience in the shipbuilding industry when he worked for a shipbuilding contractor between 1980 and 1985. With his valuable knowledge, he was invited to join the Group in 1986 and has been involved in the Group for 39 years. He has been instrumental in shaping and laying the foundations for the Group's products and workmanship quality in vessel manufacturing and repair works. His vast experience and in-depth knowledge in the vessel manufacturing and repair activities will continue to benefit the Group.

Mr Ng Chin Shin attended all five Board meetings held during the financial year ended 31 December 2025.

As at 24 March 2026, Mr Ng Chin Shin has direct interests of 4.47% in Coastal Contracts Bhd. He is the brother-in-law of Madam Pang Fong Thau, a substantial shareholder of the Company. He is the brother of Mr Ng Chin Heng and the uncle of Madam Alice Ng, both the Directors of the Company. Mr Ng Chin Heng is also a substantial shareholder of the Company. Save as disclosed on pages 181 and 182 of the Annual Report on related party transactions, he has no conflict of interest with the Company.



Directors' Profiles (cont'd.)

ALICE NG

EXECUTIVE DIRECTOR

Female, Aged 43, Malaysian

Madam Alice Ng was appointed as Executive Director to the Board on 23 May 2023.

Madam Alice Ng holds a degree of Bachelor of Commerce with double major in Accounting and Finance from Curtin University of Technology, Australia. She is a member of CPA Australia and the Malaysian Institute of Accountants.

Upon graduation, she was attached with Ernst & Young Sandakan as an Audit Assistant. Madam Alice's journey with the Company started in April 2006 when she held the position of Accounts & Finance Executive with Company's subsidiary companies. In the year 2008, she held the position as Marketing cum Finance Officer and was later promoted to Marketing Manager in 2010. Madam Alice was first promoted as the Director of the Company's subsidiary companies in 2012.

Madam Alice Ng attended all five Board meetings held during the financial year ended 31 December 2025.

As at 24 March 2026, Madam Alice Ng has direct interests of 0.14% in Coastal Contracts Bhd. She is the daughter of Mr Ng Chin Heng and the niece of Mr Ng Chin Shin, both the Directors of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company. She is also the daughter of Madam Pang Fong Thau, a substantial shareholder of the Company.

TEO GIM SUAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Female, Aged 63, Malaysian

Madam Teo Gim Suan was appointed as Independent Non-Executive Director to the Board on 1 September 2025. She serves as the Chairman of the Audit Committee and is a member of Nomination Committee and Remuneration Committee.

She is a member of the Malaysian Institute of Accountants and an associate member of Chartered Institute of Management Accountants. She began her career as an Audit Assistant with KPMG Sandakan from 1990 to 1993. She was a Tax Assistant with KPMG Tax Services Sdn Bhd in 1993 and later held the position of Tax Senior until 2003. Between 2003 and 2005, she served as Manager of M & C Services Sdn Bhd, Sandakan Branch that provided company secretarial and related services.

She is currently a Director and Company Secretary of Moving Swift Corporate Services Sdn. Bhd, a company providing company secretarial and related services, a position she has held since 2005. She is also an Independent Non-Executive Director of Maxland Berhad and she previously served as an Independent Non-Executive Director of Kretam Holdings Berhad and WMG Holding Bhd.

Subsequent to her appointment to the Board on 1 September 2025, she has attended one Board meeting held during the financial year ended 31 December 2025.

As at 24 March 2026, Madam Teo Gim Suan does not have any direct or indirect interest in shares in Coastal Contracts Bhd.



Directors' Profiles (cont'd.)

HJ. IR. INTIZAM BIN AYUB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Male, Aged 73, Malaysian

Hj. Ir. Intizam Bin Ayub was appointed as an Independent Non-Executive Director to the Board on 7 October 2014 and serves as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained his Indonesian Merchant Marine Academy BSc Marine Engineering and holding 1st Class and 2nd Class Marine Engineer Foreign Going License issued by Department of Sea Communication. He started his career with Malaysian International Shipping Corp Bhd (MISC) as a 4th Engineer to Foreign Going Chief Engineer from year 1975 to 1984. He then joined Petronas Marine Dept E & P as a Marine Engineer from 1984 to 1988. In the same year, he was promoted to Senior Marine Engineer for Field Development Project of Petronas Carigali Sdn. Bhd. ("PCSB") and this position was held until 1991. Subsequently he was appointed as the Manager Ship Vetting of Petronas Maritime Services Sdn. Bhd. who was in charge of Marine Support Vessel Selection and advisor for various FSO/FPSO project development (1991-1999). He later joined Carigali Triton Operation Company ("CTOC") as a Senior Resident Engineer, whom duties were developing Technical Specification and supervising a new built FSO Puteri Dulang (1999-2002). He then worked within the Head of Consultancy Section of Petronas Maritime Services Sdn. Bhd. as a Manager Marine Consultancy who was monitoring the development of Marine Floater for Petronas for a period of 2 years (2002-2004) prior to joining Newfield (PCSB) as Senior Resident Engineer for the conversion of FSO (2004-2007). He then joined Petronas Carigali Vietnam in 2007 and held the position of Head of FPSO Project Ruby 'B' Field for 2 years. In 2008, he retired from Petronas and subsequent to his retirement, he reentered the workforce in July 2008 and worked with Petronas Carigali, Pertamina, PetroVietnam Operating Co Sdn. Bhd. as a Senior Marine Engineer, overseeing a MOPU Development Project. In August 2012, he was working with BC Petroleum Sdn. Bhd. As a Senior Manager who was in charge of Delivery of Early Production Vessel for Marginal Field.

Hj. Ir. Intizam Bin Ayub attended all five Board meetings held during the financial year ended 31 December 2025.

As at 24 March 2026, Hj. Ir. Intizam Bin Ayub has direct interest of 0.04% in Coastal Contracts Bhd.

Save as disclosed, none of the Directors have:

- 1. any directorship in public companies and listed issuers;*
- 2. any family relationship with any Directors and/or major shareholders of the Company, unless disclosed;*
- 3. any conflict of interest with the Company;*
- 4. any conviction for offences within the past 5 years other than traffic offences (if any); and*
- 5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

SEETO YEE @ SEETO TIN YEE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Male, Aged 77, Malaysian

Mr Seeto Yee @ Seeto Tin Yee was appointed as an Independent Non-Executive Director to the Board on 23 May 2023. He is a member of the Audit Committee. On 1 September 2025, he was appointed as the Chairman of the Nomination Committee and Remuneration Committee.

Mr Seeto holds a bachelor degree in Chemical Engineering from the University of Washington, USA and a master degree in Chemical Engineering from University of Minnesota, USA.

Mr Seeto has more than 45 years of experience in key positions of general management, project management and project / technical consultancy in plant engineering, construction, commissioning, operations and maintenance, offshore FPSO floating productions, upstream E & P, cryogenic facilities (LNG and ASU), petroleum refining, petrochemical, chemical, biodiesel, iron and steel, downstream natural gas distribution and bulking tankage installation / facilities.

Prior to joining Company, he was the Chief Executive Officer of Sabah International Petroleum Sdn. Bhd. from January 2019 to March 2022. Currently, he is involved in project / technical management consultancy work.

Mr Seeto attended all five Board meetings held during the financial year ended 31 December 2025.

As at 24 March 2026, Mr Seeto Yee @ Seeto Tin Yee does not have any direct or indirect in shares of Coastal Contracts Bhd.



Key Senior Management

PANG FONG THAU

66 years of age, Malaysian, Female

She was first appointed as Director of a subsidiary of the Company on 1 December 1982 and is one of the co-founders of Coastal Group. Currently, she also sits on the board of several subsidiaries of Coastal Group. She holds a Lower Certificate of Education. Currently, she is the Head of Treasury, Administration and Human Resource division of the Group. Since the early formative years, she has been involved in the managerial level of Coastal Group, handling the accounting, administrative and organisation aspects of the business operations.

She is the wife of Mr Ng Chin Heng, sister-in-law of Mr Ng Chin Shin and mother of Madam Alice Ng, who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company.

NG CHIN KEUAN

67 years of age, Malaysian, Male

He is one of the co-founders of Coastal Group. He has a Lower Certificate of Education. He is involved in the affairs of the Group since its early years in 1980s and thus well acquainted with the Group's operations. He gained the knowledge and skills of marine engineering through hands-on management and practical experience. He is principally responsible in supervising the day-to-day operations of the shipyards and also for fleet maintenance and parts procurement. Prior to joining the Group, he was in the trading business with Mr Ng Chin Heng.

He is the brother of Mr Ng Chin Heng and Mr Ng Chin Shin, and uncle of Madam Alice Ng, who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company.

NG CHIN KOK

69 years of age, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 1 December 1982 and is one of the co-founders of Coastal Group. Currently, he also sits on the board of several subsidiaries of Coastal Group. He has a Higher School Certificate. Currently, he is involved in the business development of the Group. Since the formation of Coastal Group, he has been influential in expanding the Group's fleet chartering and transportation operations. His vast hands-on operational experience includes maritime regulations, procedures and requirements.

He is the brother of Mr Ng Chin Heng and Mr Ng Chin Shin, and uncle of Madam Alice Ng, who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company.

LIOW MING YEW

44 years of age, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 29 September 2012. Currently, he also sits on the board of several subsidiaries of Coastal Group. He graduated with a Bachelor of Commerce – major in Accounting from University of Western Australia, Perth in 2004. He joined Coastal in 2005 as Operations cum Safety Supervisor. Currently, he is the Head of Marketing and Commercial division of the Group. He has gained extensive experience in marketing of the Group's vessels throughout his years in Coastal.

Key Senior Management (cont'd.)

LAU JOO TING

50 years of age, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 20 January 2015. Currently, he also sits on the board of several subsidiaries of Coastal Group. He graduated with a Bachelor of Civil Engineering from University of Canterbury, New Zealand in 2000. He joined Coastal in 2006 as a Civil Engineer. He is also a key person in Marketing division of the Group. His working experience includes the field of civil engineering and also marketing of vessels.

He is the son-in-law of Mr Ng Chin Heng who is a member of the Board of the Company and a substantial shareholder of the Company and also the son-in-law of Madam Pang Fong Thau, a substantial shareholder of the Company.

NG SAN CHEN

44 years of age, Malaysian, Male

He was appointed as Director of a subsidiary of the Company on 20 April 2007. Upon graduating from Australia with a Diploma in Business Management, he joined Coastal as Shipbuilding Trainee on 21 May 2003 and has since been actively involved in the shipbuilding's technical aspects and quality inspection. With over Twenty Three (23) years of hands-on experience, he is one of the key person in the Shipbuilding division of the Group.

He is the son of Mr Ng Chin Heng, brother of Madam Alice Ng and the nephew of Mr Ng Chin Shin, who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company. He is also the son of Madam Pang Fong Thau, a substantial shareholder of the Company.

KONG WEI KET

50 years of age, Malaysian, Male

He was first appointment as Director of a subsidiary of the Company on 12 March 2024. He had joined the Company as Chief Financial Officer cum Group Accountant on 1 April 2012. He started his career as an Audit Assistant with KPMG Sandakan on 16 July 1996. Prior to joining the Company, he was heading KPMG Tawau Audit & Assurance Department. He has over 15 years of experience in audit and assurance services with KPMG. He is a Fellow member of the Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants. Currently, he is overseeing the financial management function and financial reporting function of the Group.

NG SAN YANG

33 years of age, Malaysian, Male

He was first appointed as Director of a subsidiary of the Company on 2 September 2022. He graduated with a Diploma of Mechanical Engineering from Curtin University Australia in 2016 and joined the Company in 2017 as an operations assistant. He has since been actively involved in the commercial and operations of the Company. He is also a key person in the Commercial division of the Group.

He is the son of Mr Ng Chin Heng, brother of Madam Alice Ng and the nephew of Mr Ng Chin Shin, who are members of the Board of the Company. Mr Ng Chin Heng is a substantial shareholder of the Company. He is also the son of Madam Pang Fong Thau, a substantial shareholder of the Company.

Save as disclosed, none of the Key Senior Management have:

- 1. any directorship in public companies and listed issuers;*
- 2. any family relationship with any Directors and/or major shareholders of the Company, unless disclosed;*
- 3. any conflict of interest with the Company;*
- 4. any conviction for offences within the past 5 years other than traffic offences (if any); and*
- 5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Chairman's Statement

Dear Shareholders,

The year 2025 unfolded against a backdrop of heightened global uncertainty, characterised by persistent geopolitical tensions, evolving trade policies, and continued volatility in energy markets. Developments in the Middle East further intensified concerns over global energy security and supply chain stability. While inflationary pressures eased in some regions, business sentiment remained fragile amid these sustained conflicts and shifting trade dynamics.

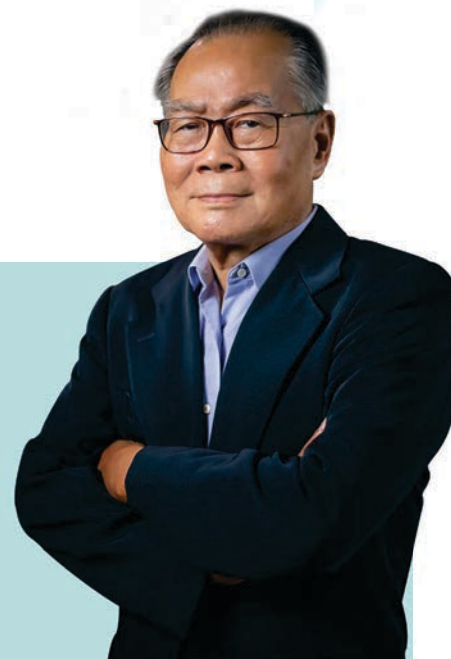
Notwithstanding these challenges, Coastal Group remained resilient. Leveraging its strong balance sheet, disciplined financial management, and operational flexibility, the Group successfully navigated this volatile landscape. Building on the transformative milestones achieved in 2024, Coastal further reinforced its position as a player in sustainable energy infrastructure, advancing its gas processing and offshore services while positioning itself for long-term growth in a more fragmented and competitive global market.

In FY2025, Coastal achieved a significant milestone in its core gas processing segment through its joint venture in Mexico, securing a major contract to expand its operations in the Ixachi Field. The contract, valued at approximately USD1.136 billion (equivalent to RM4.64 billion), encompasses the engineering, procurement and construction ("EPC") of a second gas sweetening plant ("Papan 2 Plant") with a processing capacity of 150 mmscfd and its related permanent primary infrastructure, construction and commissioning of a new separation plant capable of handling 900 mmscfd of gas and 56,000 barrels per day of oil, and installation of the associated pipeline. In addition, the contract includes the provision of long-term gas sweetening services to Pemex upon completion and commissioning of the Papan 2 Plant, with a tenure of approximately eight years and ten months, expected to commence upon the plant's commercial operation, targeted for Q1 2027.

Subsequent to the financial year, in January 2026, the Group secured further positive developments in Ixachi Field with the award of an emergency work order for the construction and operation of the Perdiz 2 plant, with a gas sweetening capacity of up to 200 mmscfd. Construction of the facility has progressed steadily, reaching approximately 56% completion as at mid-March 2026, with commercial operations expected to commence by Q2 2026. This additional contract further reinforces the Group's operational presence in the Ixachi Field and is expected to contribute positively to the Group's recurring earnings in the near term.

Both landmark projects not only expand the Group's gas processing capacity and operational footprint in Mexico, but also introduce a balanced revenue profile comprising both construction income and recurring service-based earnings. Importantly, they reinforce the Group's strategic partnership with its client and strengthen its position as a reliable provider of integrated gas processing solutions. With all economic benefits attributable to the Group's Mexican joint venture, these contracts significantly enhance earnings visibility and provide a strong foundation for sustainable growth in the years ahead.

Ng Chin Heng
Executive Chairman



During FY2025, the existing Perdiz and Papan plants continued to operate reliably throughout the year, contributing positively to the Group's share of profits of the joint venture. These facilities remain integral to the Group's strategy of building a stable and recurring income base through long-term gas processing assets. The Jack-up Gas Compression Service Unit (JUGCSU) is currently idle; however, the Group has engaged in discussions for either an outright sale or new charter opportunities to unlock the value of this strategic asset. Our TC7 liftboat chartering business concluded its long-term charter in September 2025 and is now operating on a spot charter basis while we continue to pursue new long-term charter contracts. Concurrently, the Group is progressing the construction of nine new vessels, two of which are already backed by firm orders, demonstrating continued market confidence in our shipbuilding capabilities. While our vessel chartering and ship repair divisions faced a challenging year with lower activity levels, the Group's financial position remained robust, underpinned by a low gearing profile and substantial cash and cash equivalents, providing us with flexibility to pursue future growth initiatives.

As we reflect on these accomplishments, I am pleased to present the Annual Report and Audited Financial Statements for the year ended 31 December 2025 ("FY2025").

Chairman's Statement (cont'd.)

OPERATION HIGHLIGHTS

Gas Processing Division

The Gas Processing Division continues to underpin the Group's recurring revenue, anchored by the Perdiz and Papan plants. Both facilities operated at optimal processing capacity throughout the year, reflecting their reliability and operational stability. Perdiz, currently in its second contract extension, marked its fifth year of operations with a processing capacity of 180 million standard cubic feet per day ("mmscfd"). Meanwhile, the Papan plant, now in its third year of operation, maintained steady performance at 350 mmscfd. Collectively, these assets remain central to the Group's strategy of building a stable and sustainable recurring income base.

Vessel Chartering Division

The TC7 liftboat concluded its long-term charter in September 2025. The unit is currently operating on a spot charter basis while the Group actively pursues longer-term charter opportunities to secure stable, recurring income. Complementing this, the Group has two harbour tugs on five year bareboat charter contracts secured since 2019 and 2022, both achieving 100% uptime. The unit under charter since 2019 has been extended for another five years until March 2029, while the 2022 charter expires in June 2027 and is expected to be similarly renewed. These long term arrangements provide stable and recurring income to the Vessel Chartering Division.

Shipbuilding and Ship Repair Division

The Division continues to progress its new vessel building programme, with nine new OSVs and other vessels at various stages of construction. In December 2025, the Group announced the sale of two vessels, which are expected to be delivered in the second or third quarter of 2026. Ship repair activity was comparatively lower during the year, reflecting the cyclical nature of the segment.

Renewable Energy Division

Construction of the 15 MW large-scale solar PV plant at the Group's shipyard in Sandakan, Sabah, is progressing smoothly. This project, which secured a 25-year Power Purchase Agreement under Sabah LSS programme, underscores the Group's commitment to sustainability and is expected to contribute long-term recurring income upon its scheduled commercial operation.

Hospitality Division

As part of the Group's diversification strategy, the proposed development of the Lepa Lepa overwater resort in Semporna, Sabah, remains at a pre-development phase. The Group will continue to review the project viability prior to a final investment decision for the development, taking into consideration the Group's strategic priorities and prevailing market conditions.

REVIEW OF FINANCIAL PERFORMANCE

Revenue and Profitability

In FY2025, the Group recorded revenue of RM56.1 million, compared to RM77.7 million in FY2024. The decline was primarily attributable to reduced contributions from the Vessel Chartering Division and lower activity levels in the Shipbuilding and Ship Repair Division.

Revenue from the Vessel Chartering Division decreased to RM48.0 million from RM53.9 million, mainly due to the TC7 liftboat being off-hire for engine overhaul following the expiry of its long-term charter contract in September 2025. Meanwhile, revenue from the Shipbuilding and Ship Repair Division declined to RM8.1 million in FY2025, compared to RM23.8 million in FY2024, reflecting a lower volume of ship repair jobs during the financial year.

The Group recorded a net loss attributable to shareholders of RM48.4 million for FY2025, compared to a net profit of RM163.0 million in FY2024. The decline was primarily attributable to the impairment loss on receivables of RM41.3 million in the Vessel Chartering Division, net foreign exchange loss of RM86.0 million arising from the strengthening of the Ringgit against the US Dollar on the Group's US Dollar denominated investments and cash balances, and the absence of the significant one-off debt waiver of RM147.7 million recognised in the Shipbuilding and Ship Repair Division in FY2024. These adverse movements were partially offset by a stronger share of profit from the Group's joint venture operations in Mexico, which increased to RM89.5 million (FY2024: RM68.7 million).

Chairman's Statement (cont'd.)

REVIEW OF FINANCIAL PERFORMANCE (cont'd)

Financial Position

The Group's financial position remained strong through FY2025. Total equity stood at RM1.7 billion as at 31 December 2025, compared to RM1.8 billion in FY2024. Cash and bank balances stood at RM169.9 million, supplemented by short-term investments of RM688.1 million, bringing total cash and cash equivalents to RM858.0 million (FY2024: RM1.0 billion). The Group continues to maintain a low gearing profile. Total borrowings declined further to RM13.7 million as at 31 December 2025, down from RM30.9 in FY2024, reflecting disciplined debt repayment. As at 31 December 2025, the Group was in a net cash position, underscoring its exceptionally strong balance sheet. This financial flexibility provides the Group with significant capacity to pursue future growth initiatives.

PROSPECTS AND GROWTH STRATEGIES

Looking ahead, Coastal Group remains focused on strengthening its core energy infrastructure capabilities while progressively pursuing diversification into complementary and sustainable sectors. The Group's growth strategy continues to be guided by a disciplined approach to enhancing operational resilience, broadening its portfolio, and delivering sustainable long-term value.

The Group expects its gas processing operations in Mexico, anchored by the Perdiz and Papan plants, to remain stable contributors, supported by consistent gas flow from the Ixachi Field. The Papan Expansion project, which includes the development of the Papan 2 plant, related permanent primary infrastructure, a new separation plant facility, and associated pipeline, together with the emergency work order for the construction and operation of the Perdiz 2 plant (with a gas sweetening capacity of up to 200 mmscfd), is anticipated to be a key growth catalyst for the Group in FY2026.

These projects are expected to generate near-term EPC revenue as well as long-term recurring O&M revenue through gas sweetening services, thereby enhancing earnings visibility. Upon completion, the expanded facilities are projected to increase the Group's overall gas processing capacity to approximately 880 mmscfd, strengthening its operational scale and positioning the division to deliver more sustainable contributions in the years ahead.

In the Vessel Chartering Division, the Group will focus on optimising the utilisation of its TC7 liftboat, with particular emphasis on securing longer-term charter contracts to enhance earnings visibility and operational stability.

The Shipbuilding and Ship Repair Division is poised for a gradual recovery, supported by its established operational capabilities and continued cost discipline. The Group is on track to deliver two vessel sales in 2026, which are expected to contribute positively to its earnings and improve cash flow. At the same time, efforts are ongoing to secure orders for the remaining seven vessels, with the aim of capturing favourable market opportunities as demand improves. As the vessel inventory is progressively reduced, the Group will be better positioned to pursue new shipbuilding orders, allowing it to capitalise on potential market recovery while maintaining a disciplined approach to capacity and risk management.



Chairman's Statement (cont'd.)



In tandem, the Group continues to advance its diversification strategy. The proposed development of the Lepa Lepa overwater resort in Semporna, Sabah, remains at a preliminary stage and is being reviewed periodically in line with the Group's strategic priorities and prevailing market conditions.

On the renewable energy front, the Group has made progress on the development of a 15 MW solar project, which remains ongoing. This initiative reflects the Group's commitment to participating in the energy transition while building capabilities in the renewable energy space. The Group will continue to explore and pursue more renewable energy opportunities going forward, in line with its strategy to broaden its portfolio and support sustainable long-term growth.

Financially, the Group enters FY2026 with a strong balance sheet, healthy liquidity, and a disciplined approach to capital management. This provides the flexibility to support ongoing projects and pursue selective growth opportunities, while maintaining prudent risk management amid a challenging operating environment.

While global uncertainties persist, including the ongoing conflict involving Iran, heightened geopolitical tensions, volatile energy markets, and evolving trade dynamics, the Group remains well-positioned to navigate these conditions. Its established presence in gas processing, complemented by gradual recovery in Shipbuilding Division as market conditions improve and diversification into renewable energy, provides a balanced platform for growth. Backed by its operational track record, financial strength, and strategic focus, Coastal remains committed to delivering sustainable value to its shareholders over the long term.

APPRECIATION TO STAKEHOLDERS

On behalf of the Board, I extend sincere appreciation to all our stakeholders for their continued trust and support. To our shareholders, your confidence in our long-term vision has been instrumental in guiding our growth. We are equally grateful to our clients, partners, and regulators for their steadfast collaboration and support, and to our employees whose dedication and professionalism continue to drive our success. Together, your contributions have empowered Coastal Group to deliver sustainable value and navigate an increasingly dynamic global landscape.

In recognition of the Group's solid financial position and our commitment to delivering consistent shareholder returns, the Board has, with effect from the financial year ending 31 December 2026, formalised a Dividend Policy targeting the distribution of not less than 20% of the Group's profit attributable to shareholders, excluding extraordinary and non-recurring items. In determining the actual dividend payout, the Board will consider the Group's financial position, cash flow, funding requirements, future prospects, strategic plans, capital expenditure needs, working capital, debt servicing obligations, prevailing economic and market conditions, and other relevant factors.

In line with this commitment and in appreciation of our shareholders' ongoing support, the Board declared a Special Interim Single-Tier Dividend of 3.0 sen per ordinary share for FY2025, which was announced on 16 April 2026. As we look toward the future, we are encouraged by the growth momentum of our Mexican joint venture, CODY, and its anticipated dividend distributions. Coastal remains dedicated to executing its growth strategy with discipline and purpose, delivering consistent performance while embracing new opportunities across energy infrastructure, renewable power, and marine services.

Management Discussion and Analysis

BUSINESS OVERVIEW

Coastal Contracts Bhd. (“the Group”) is a global integrated energy infrastructure and marine services provider. The Group’s operations are built upon a strong track record in gas processing, offshore and marine solutions, and its business has strategically evolved into three primary divisions:

- Gas Processing Division
- Vessel Chartering Division
- Shipbuilding and Ship Repair Division

Gas Processing Division

Through its joint venture in Mexico, the Group operates the Perdiz Plant (gas sweetening capacity of 180 mmscfd) and the Papan Plant (350 mmscfd, gas processing with extraction of LPG and naphtha). Both facilities process associated gas from the Ixachi Field, one of the largest onshore oil fields discovered in Mexico, and continued to operate at optimal capacity throughout FY2025.

In FY2025, the Group achieved a significant milestone by securing a major contract through its joint venture to expand operations in the Ixachi Field. The contract, valued at approximately USD1.136 billion (RM4.64 billion), covers the engineering, procurement and construction (“EPC”) of a third gas processing plant (“Papan 2 Plant”) with a capacity of 150 mmscfd, a new separation plant (900 mmscfd of gas and 56,000 bpd of oil), associated pipeline installation, and long term gas sweetening services for approximately eight years and ten months. Commercial operation is targeted for Q1 2027.

Subsequent to FY2025, the Group secured an emergency work order for the construction and operation of its fourth gas processing plant in the Ixachi Field, the Perdiz 2 Plant (up to 200 mmscfd), with commercial operations expected Q2 2026.

The Jack up Gas Compression Service Unit (JUGCSU) is currently idle. The Group has engaged in discussions for either an outright sale or new charter opportunities to unlock the value of this strategic asset.

Vessel Chartering Division

The Group’s Vessel Chartering Division offers a wide range of solutions. The TC7 liftboat, acquired jointly with a Singaporean strategic partner in FY2021, concluded its long term charter in September 2025 and is currently operating on a spot charter basis while the Group actively pursues longer term opportunities.

Complementing this, the Group has two harbour tugs on five year bareboat charters secured since 2019 and 2022, both achieving 100% uptime. The 2019 charter has been extended for another five years until March 2029, while the 2022 charter expires in June 2027 and is expected to be similarly renewed. These long term arrangements provide stable, recurring income.

Shipbuilding and Ship Repair Division

Currently, the Group is progressing the construction of nine new vessels (OSVs and others), with two already backed by firm orders and expected to be delivered in FY2026. Ship repair activity was comparatively lower during FY2025, reflecting the cyclical nature of the segment.

Renewable Energy Division

Coastal is progressing with its 15 MWac Sabah Large-scale Solar PV plant at its shipyard in Sandakan, Sabah. The project has secured a 25-year Power Purchase Agreement, with construction progressing smoothly. Commercial operation is targeted for Q2 FY2027, aligning with Malaysia’s National Energy Transition Roadmap, which aims for 70% renewable energy capacity by 2050.

Hospitality Division

The proposed development of the Lepa Lepa overwater resort in Semporna, Sabah, remains at a pre-development phase. The Group will continue to review the project viability, taking into consideration strategic priorities and prevailing market conditions.



Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS

Gas Processing Division

In FY2025, no revenue was reported from the Gas Processing Division, as revenue is recognised at the joint venture level. The division recorded a profit before tax of RM22.8 million, compared to a loss of RM34.4 million in FY2024. The improvement was primarily driven by a higher share of profit from the Mexican joint venture, which increased to RM89.5 million (FY2024: RM68.7 million), as well as the absence of impairment losses on receivables owing from the JUGCSU charterers recorded in FY2024. This was partially offset by the lower of interest received from loans to the Mexican joint venture, unfavourable foreign exchange movements and higher non-recurring expenses related to JUGCSU.

At the Mexican joint venture level, revenue declined to RM697.6 million in FY2025 from RM755.4 million in FY2024, primarily due to the weakening USD, as revenue from the Papan project is denominated in USD. Despite the lower revenue, profit before tax increased by 19% to RM233.9 million in FY2025 (FY2024: RM197.0 million). The improvement was mainly driven by the recognition of foreign exchange gains in FY2025, arising from favourable movements on USD-denominated term loan balances compared to losses in FY2024, lower finance costs, and improved cost efficiencies.

Regarding the Jack up Gas Compression Service Unit (JUGCSU), the asset remains idle as at end of FY2025. The Group has engaged in discussions for either an outright sale or new charter opportunities to unlock its value. No further impairment was recognised during the year.

Vessel Chartering Division

Revenue from this division decreased to RM48.0 million in FY2025 from RM53.9 million in FY2024, mainly due to the TC7 liftboat being off-hire for engine overhaul following the expiry of its long-term charter contract in September 2025. The division recorded a loss before tax of RM27.1 million, compared to a profit of RM69.7 million in FY2024, largely attributable to an impairment loss on a receivable owing from the liftboat charterer amounted RM41.3 million and the absence of the gain on disposal of OSVs in FY2024.

Shipbuilding and Ship Repair Division

This division recorded revenue of RM8.1 million in FY2025 (FY2024: RM23.8 million), reflecting a lower volume of ship repair jobs. Segment profit declined to RM1.1 million from RM149.2 million in FY2024, primarily due to the absence of the one off debt waiver of RM147.6 million recognised in FY2024.

Hospitality Division

The Hospitality Division, through its 82% owned subsidiary, Jewel of Mabul Development Sdn. Bhd. remains at a pre-development phase has not yet generated revenue. The division incurred a small loss before tax of RM1.4 million (FY2024: RM0.7 million) mainly due to preliminary project and administrative expenses.

Renewable Energy Division

The Group continues to advance the development of its 15 MWac Sabah Large-Scale Solar PV plant at its shipyard in Sandakan, Sabah, with construction currently in progress. The project is targeted to achieve commercial operation by Q2 FY2027. The division recorded a minimal loss before tax of RM0.1 million in FY2025, primarily attributable to administrative expenses incurred during the development phase.

Overview of Key Performance Indicators for the Group:

Indicators	FY2025	FY2024
Gross profit margin	26.28%	5.74%
Net (loss)/profit margin	(94.63)%	212.39%
Gross gearing ratio	0.01 times	0.02 times
Net gearing ratio	Net cash	Net cash
Current ratio	18.22 times	16.80 times
Quick ratio	14.63 times	15.23 times
Inventories turnover	1,472 days	376 days
Debtors turnover	100 days	131 days
Creditors turnover	87 days	43 days

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (cont'd)

Overview of Key Performance Indicators for the Group: (cont'd)

Gross Profit Margin and Net (Loss)/Profit Margin

The Group's gross profit margin improved to 26.28% in FY2025 from 5.74% in FY2024. The lower margin in FY2024 was mainly attributable to weaker margins in the Ship Repair Division, as well as the recognition of 'oneoff' costs associated with the TC7 liftboat's scheduled periodic maintenance (5-year special survey).

In FY2025, the Group posted a net loss margin of -94.63% compared to a 212.39% net profit margin in FY2024. The sharp decline was mainly due to RM41.3 million impairment on receivables, an RM86.0 million net foreign exchange loss arising from the strengthening of Ringgit against USD, and the absence of a RM147.6 million one-off debt waiver. These were partially offset by higher joint venture profits from Mexico, which rose to RM89.5 million from RM68.7 million in FY2024.

Gearing Ratio

As at the close of FY2025, the Group's gross gearing ratio further improved to 0.01 times from 0.02 times in FY2024, reflecting its continued prudent capital management. The Group remained in a net cash position, underscoring its strong liquidity. Total cash and cash equivalents (including short-term investments) stood at RM858.0 million as at 31 December 2025 (FY2024: RM1,041.9 million). With its low gearing and substantial cash reserves, the Group is well-positioned to fund capital expenditures for its renewable energy initiatives, while maintaining the flexibility to pursue future growth opportunities.

Current Ratio and Quick Ratio

The Group's current ratio improved to 18.22 times in FY2025 from 16.80 times in FY2024, while the quick ratio moderated to 14.63 times from 15.23 times. The slight easing in the quick ratio was primarily due to higher inventories, reflecting the ongoing construction of seven new vessels in FY2025. Nevertheless, both ratios remain at robust levels, underscoring the Group's continued focus on maintaining a highly liquid balance sheet.

Inventories Turnover

Inventories turnover days increased significantly to 1,472 days in FY2025 from 376 days in FY2024. This sharp increase is attributable to the ongoing construction of unsold vessels (work in progress) under the new vessel building programme. As at 31 December 2025, work in progress stood at RM199.7 million (FY2024: RM108.1 million).

Debtors Turnover

Debtors turnover days improved to 100 days in FY2025 from 131 days in FY2024, primarily due to a reduction in gross trade receivables following the recognition of an impairment loss on receivable amounting to RM41.3 million.

Creditors Turnover

Creditors turnover days increased to 87 days in FY2025 from 43 days in FY2024, primarily due to the absence of the RM147.6 million debt waiver recognised in FY2024, which had previously compressed the metric.

Capital Expenditure Requirement:

	FY2025	FY2024
Capital commitment	RM 34.0 million	RM 50.0 million

The Group's capital commitment of RM34.0 million as at 31 December 2025 relates primarily to the construction of the 15 MW solar plant under its Renewable Energy Division.

Known Trends and Events in the Oil and Gas Sector

As of April 2026, the global oil and gas sector is navigating an unprecedented crisis triggered by the ongoing military confrontation between the US-Israeli alliance and Iran. What began as a targeted military operation on February 28, 2026, has escalated into a prolonged conflict with no clear path to de-escalation.

Management Discussion and Analysis (cont'd.)

FINANCIAL HIGHLIGHTS (cont'd)

Known Trends and Events in the Oil and Gas Sector (cont'd)

The most immediate impact has been on global oil supply, with recent geopolitical developments disrupting key transportation routes and constraining the movement of crude oil and petroleum products. As a result, a significant portion of global supply has been affected, leading to tighter market conditions and heightened volatility in energy prices. These disruptions have contributed to growing concerns over global energy security and the potential for supply shortages.

The conflict is generating a significant macroeconomic shock. Industry observers have noted that this event presents greater macroeconomic risk than recent military conflicts, with the potential to depress global GDP growth if oil prices remain elevated for an extended period. Analysts have warned that a sustained rise in oil prices could lead to a sharp increase in inflation and a drag on global output. Moreover, the conflict is severely disrupting global supply chains, particularly in energy-intensive sectors, with potential spillovers for food security and cost pressures on consumers and businesses.

The current crisis has intensified the global push for energy security and the acceleration of renewable energy deployment. External shocks of this magnitude are likely to push more governments to invest in renewables to reduce dependence on volatile fossil fuel markets. However, the conflict also presents near-term challenges for the clean energy transition, including disruptions to the transport of critical minerals and metals needed for solar panels and batteries.

Management remains cautious about the near-term outlook for the oil and gas sector. While the long-term fundamentals for energy demand remain intact, the current conflict has introduced extreme price volatility and unprecedented supply chain risks. The Group continues to monitor the situation closely, leveraging its strong balance sheet and low gearing to navigate this period of heightened uncertainty. The strategic importance of natural gas as a transitional fuel and the growing momentum behind renewable energy are key trends that will shape the sector's evolution in the coming years.

REVIEW OF OPERATING ACTIVITIES

The Papan Plant and Perdiz Plant continue to be key earnings drivers, with both facilities delivering sustained contributions to joint venture profits. During FY2025, both plants operated at full capacity, supported by PEMEX's accelerated development of new wells in the Ixachi Field. Looking ahead, the Papan expansion project — which includes the development of the Papan 2 Plant, related permanent infrastructure, a new separation plant, and associated pipeline is expected to further enhance the Group's gas processing capabilities and recurring income base. In addition, the Perdiz 2 Plant, secured under an emergency work order, is expected to further strengthen the Group's gas processing capacity and operational resilience. The Jack-up Gas Compression Service Unit (JUGCSU) is currently idle; the Group has engaged in discussions for either an outright sale or new charter opportunities.

The TC7 liftboat, the Vessel Chartering Division's flagship asset, concluded its long-term charter in September 2025 and is now operating on a spot charter basis while management actively pursues new longer-term charter opportunities. Complementing this, the Group has two harbour tugs on five-year bareboat charter contracts secured since 2019 and 2022, both achieving 100% uptime. The unit under charter since 2019 has been extended for another five years until March 2029, while the 2022 charter expires in June 2027 and is expected to be similarly renewed. These long-term arrangements provide stable and recurring income to the Vessel Chartering Division.

The Shipbuilding and Ship Repair Division delivered a modest performance in FY2025, completing several ship repair contracts. Operationally, the Division progressed its new vessel building programme with the construction of seven vessels, including offshore support vessels (OSVs) and other vessel types. Of these, two vessels secured firm orders during FY2025 and are expected to be delivered in 2026, demonstrating continued market confidence in the Group's shipbuilding capabilities.

SIGNIFICANT BUSINESS RISK

The Group continues to view market risk as its most significant challenge, driven by heightened volatility in global energy markets, ongoing supply disruptions, and persistent macroeconomic uncertainty. Recent geopolitical developments have escalated tensions in key energy-producing regions, resulting in disruptions to critical supply routes and reduced oil and gas flows. These developments have tightened global supply, contributing to elevated energy prices and increased market volatility. While prices have strengthened, uncertainty remains high, with further fluctuations expected should these conditions persist.

Management Discussion and Analysis (cont'd.)

SIGNIFICANT BUSINESS RISK (cont'd)

These dynamics are compounded by the protracted Russia-Ukraine war, increasingly complex global sanctions regimes, and heightened tensions across the Middle East. The convergence of these shocks has introduced unprecedented price volatility and supply chain instability, fundamentally altering risk assessments for energy sector participants.

In parallel, global economic growth remains fragile. Recessionary pressures persist across the European Union and the United Kingdom, while China's economic recovery continues to disappoint. The escalation into a full-scale trade war led by the United States has significantly disrupted global trade flows, affecting both advanced and emerging economies. This intensifying protectionist landscape has further eroded business confidence and compounded risks to global energy demand, capital investment, and long-term project planning.

While central banks in advanced economies have begun to gradually ease monetary policy following the tightening cycle, financing conditions remain relatively tight compared to pre-pandemic levels. Real interest rates, although moderating, continue to be elevated, which may constrain access to capital. Inflation has generally trended lower from peak levels, but remains susceptible to periodic pressures, particularly from energy price fluctuations, thereby continuing to exert some strain on operating costs.

The accelerating energy transition continues to pose long-term demand risks for hydrocarbons, while underinvestment in upstream projects and slower-than-expected growth in renewable energy have tightened near-term supply. Recent disruptions in the Middle East have further exacerbated supply constraints, driving oil price volatility and raising global energy security concerns. As a result, the market remains divergent, with sustained fossil fuel demand in emerging economies alongside accelerated energy transition efforts in developed markets, despite ongoing near-term challenges.

To navigate these risks, Management has prioritised the following measures:

- **Prudent Capital Allocation:** Maintaining a strong net cash position and low gearing to buffer against market volatility, while selectively funding high-return projects, particularly in gas processing.
- **Sustainable Energy Infrastructure:** Accelerating investments in gas processing projects (including the Papan expansion project and Perdiz 2 Plant in Mexico) and renewable energy ventures, including solar, to align with global decarbonisation trends and energy security needs.
- **Portfolio Diversification:** Exploring selective diversification opportunities beyond the energy sector to reduce reliance on cyclical markets, while continuing to assess the viability of potential projects.
- **Recession-Resilient Projects:** Focusing on long-term contracts for gas processing plants and offshore infrastructure, which provide stable, recurring revenue streams insulated from commodity price swings — exemplified by the Group's Mexican joint venture contracts with Pemex.

PROSPECTS

The Group remains committed to its strategy of delivering sustainable growth by balancing stable income from its core energy infrastructure businesses with selective investments in renewable energy. This approach aligns with evolving global energy trends while preserving earnings visibility. The Group continues to progress its renewable energy initiatives through targeted partnerships and disciplined project development.

In response to ongoing geopolitical and macroeconomic uncertainties, the Group maintains a prudent approach by prioritising long-term contracts in stable operating environments and upholding disciplined financial management. This strategy mitigates exposure to commodity price volatility and supply chain disruptions, while supporting more predictable cash flows.

With decades of experience navigating industry cycles, the Group remains well-positioned to manage current challenges. Its strong net cash position provides financial flexibility to pursue strategic opportunities while maintaining resilience amid external headwinds. While inflationary pressures and evolving energy policies continue to present challenges, the Group's focus on resilient core operations, balanced energy exposure, and selective growth initiatives positions it to achieve steady and sustainable long-term performance.

An aerial photograph of an offshore oil rig at dusk. The rig features two prominent red and white striped towers. In the foreground, a green helipad is marked with a white 'H' and the date 'AGOSTO 12'. The rig's complex structure of yellow and grey metal is illuminated by its own lights against the darkening sky and sea.

COASTAL CONTRACTS BHD.

SUSTAINABILITY
STATEMENT

2025

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Sustainability Statement

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape

1.1 Our Leadership Commitment

EXECUTIVE DIRECTOR'S MESSAGE

Madam Alice Ng

At Coastal Contracts Bhd. (Coastal), the Group operates at the intersection of marine infrastructure, offshore services, and energy — environments where the consequences of getting things wrong are real, and the rewards of getting them right are enduring. It is in this context that our commitment to sustainability is shaped: not as a compliance exercise, but as a foundation for long-term operational resilience and trusted stakeholder relationships.

FY2025 has been a year of building foundations. Across our five priority pillars — strengthening our core, driving growth, protecting our environment, empowering our workforce, and strengthening governance — the Group has taken deliberate steps to establish baselines, improve data quality, and put in place the governance frameworks that will underpin stronger performance in the years ahead.

The Group established its first structured baselines for energy consumption and waste generation, giving its a clearer picture of its environmental footprint. The Group enhanced its supply chain governance through an updated Supplier Code of Conduct and extended ESG due diligence to 40 selected suppliers. The Group recorded zero non-compliance incidents with environmental regulators across Malaysia, Singapore, and Mexico. And the Group invested in its people — its workforce across three countries delivered 2,614 training hours covering technical, safety, compliance, and digital competencies.

These are early steps, and the Group approaches them with honesty. Our sustainability journey is still maturing. But the Group is committed to doing so deliberately — progressively strengthening our disclosures, practices, and performance as regulatory expectations evolve and our operational understanding deepens. The Board and Management remain firmly aligned on the importance of governance, safety, and ethical conduct as the bedrock of our business.

I thank our employees, partners, and stakeholders for their continued confidence in Coastal, and look forward to sharing our progress in the years ahead.

OUR FIVE PRIORITY PILLARS

01 Strengthening our core	02 Driving our growth	03 Protecting our environment	04 Empowering our workforce	05 Strengthening Governance
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Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.1 Our Leadership Commitment (cont'd)

1.1.1 Commitment to Long-Term Operational Resilience

At Coastal, responsible business practices underpin the Group's long-term growth, stakeholder confidence, and operational resilience across marine and offshore environments. As a group active in gas processing, offshore support, and shipbuilding and ship repair, the Group's responsibilities extend beyond commercial delivery to safe, ethical, and compliant operations. Sustainability is a structured commitment that reinforces governance, operational discipline, and business stability in sectors where environmental exposure, safety risks, and regulatory expectations are inherently significant.

1.1.2 Safety, Governance and Operational Discipline

Coastal operates in environments where workforce safety, asset integrity, and regulatory compliance are critical. The Board and Management maintain effective governance structures, clear accountability, and robust safety practices to manage the operational, regulatory, and reputational risks associated with offshore and shipyard operations. As sustainability disclosure expectations evolve under Bursa Malaysia requirements and global standards, the Group remains committed to progressively strengthening the Group's governance practices in a manner appropriate to its operational context.

1.1.3 Responsible Business Conduct and Stakeholder Trust

The Group's long-term performance depends on the trust of customers, employees, regulators, and business partners across the maritime value chain. Coastal is committed to transparent and ethical business conduct, meeting contractual obligations, and complying with applicable legal and regulatory requirements. Through responsible procurement and quality assurance, the Group promotes reliability in service delivery and support the relationships essential to sustained growth.

1.1.4 Environmental Responsibility in Marine and Coastal Operations

The Group recognises the environmental considerations associated with asset operations, energy consumption, and marine ecosystem protection. While the Group's sustainability journey continues to evolve, the Group has taken initial steps to understand and manage its environmental footprint — prioritising responsible resource management, pollution prevention, and regulatory compliance as the foundation for progressively stronger environmental practices.



Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.2 Basis of Preparation

Abbreviations

Abbreviation	Full Form	Category
AI	Artificial Intelligence	Technology
BOD	Board of Directors	Governance
CAPEX	Capital Expenditure	Finance
COASTAL	Coastal Contracts Bhd.	Entity
CRRO	Climate-Related Risks and Opportunities	Risk
CSR	Corporate Social Responsibility	Social
CSRD	Corporate Sustainability Reporting Directive	Standards & Frameworks
DOE	Department of Environment	Regulator
ESG	Environmental, Social and Governance	Sustainability
ESRS	European Sustainability Reporting Standards	Standards & Frameworks
GHG	Greenhouse Gas	Environmental
GJ	Gigajoule	Unit of Measurement
GRI	Global Reporting Initiative	Standards & Frameworks
HIRARC	Hazard Identification, Risk Assessment and Risk Control	Health & Safety
HQ	Headquarters	Operations
HR	Human Resources	Function
HSE	Health, Safety and Environment	Health & Safety
HSEMS	Health, Safety and Environment Management System	Health & Safety
IFRS	International Financial Reporting Standards	Standards & Frameworks
ISSB	International Sustainability Standards Board	Standards & Frameworks
IT	Information Technology	Function
KKP	Keselamatan dan Kesehatan Pekerjaan (Occupational Safety and Health)	Health & Safety
KPI	Key Performance Indicator	Performance
MFA	Multi-Factor Authentication	Technology
MSCI	Morgan Stanley Capital International	Standards & Frameworks
MT	Metric Tonne	Unit of Measurement
NGO	Non-Governmental Organisation	Social
OHS	Occupational Health and Safety	Health & Safety
OPEX	Operating Expenditure	Finance
OSH	Occupational Safety and Health	Health & Safety
OSHA	Occupational Safety and Health Act	Regulatory
OSV	Offshore Support Vessel	Operations
PPA	Power Purchase Agreement	Operations

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.2 Basis of Preparation (cont'd)

Abbreviations (cont'd)

Abbreviation	Full Form	Category
PPE	Personal Protective Equipment	Health & Safety
RM	Ringgit Malaysia	Currency
SAQ	Supplier Assessment Questionnaire	Supply Chain
SASB	Sustainability Accounting Standards Board	Standards & Frameworks
SCOC	Supplier Code of Conduct	Supply Chain
SHE	Safety, Health and Environment	Health & Safety
SOP	Standard Operating Procedure	Operations
SRRO	Sustainability-Related Risks and Opportunities	Risk
tCO _{2e}	Tonnes of Carbon Dioxide Equivalent	Unit of Measurement

1.2.1 Report Outline

This chapter sets out the basis on which Coastal's sustainability disclosures have been prepared, including the scope, reporting boundaries, reporting period, applicable frameworks, and key assumptions used in presenting Environmental, Social and Governance matters.

The disclosures are intended to provide stakeholders with a clear, balanced and transparent view of the Group's current sustainability practices, while setting out the foundations for future improvement.

1.2.2 Reporting Period and Scope

This Sustainability Statement presents Coastal's sustainability-related disclosures for the financial year ended 31 December 2025.

Where relevant, selected prior-period information is included for context and comparability.

The reporting scope is aligned with the Group's financial reporting boundary as set out in the Annual Report 2024.

1.2.3 Reporting Boundary

The reporting boundary for this Sustainability Statement is defined at the Group level and reflects the Group's operations for the financial year ended 31 December 2025.

As a group involved in gas processing, offshore support, and shipbuilding and ship repair, the Group's sustainability disclosures cover the activities, impacts and related considerations arising from these operations during the reporting period.

Subsidiary / Entity	Country	Effective Interest Held
Pleasant Engineering Sdn. Bhd.	Malaysia	100%
Bonafide Shipbuilders & Repairs Sdn. Bhd.	Malaysia	100%
Coastal Power Holdings Sdn. Bhd.	Malaysia	100%
Coastal Solar Sdn. Bhd.	Malaysia	95%
Coastal Transport (Sandakan) Sdn. Bhd.	Malaysia	100%
Coastway Transport Sdn. Bhd.	Malaysia	100%

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.2 Basis of Preparation (cont'd)

1.2.3 Reporting Boundary (cont'd)

Subsidiary / Entity	Country	Effective Interest Held
Seri Modalwan Sdn. Bhd.	Malaysia	100%
Coastal Offshore Venture Pte. Ltd.	Labuan, Malaysia	100%
Coastal Offshore (Labuan) Pte. Ltd.	Labuan, Malaysia	100%
Ace Capital Pte. Ltd.	Labuan, Malaysia	100%
Coastal Hospitality Holdings Sdn. Bhd.	Malaysia	100%
Jewel of Mabul Development Sdn. Bhd.	Malaysia	82%
Coastal Energy Solutions Pte. Ltd.	Singapore	100%
Coastal Dynamic Pte. Ltd.	Singapore	100%
Coastal Marine Pte. Ltd.	Singapore	100%
Coastoil S.A. de C.V.	Mexico	100%
Coastoil Dynamic S.A. de C.V.	Mexico	50%
Coastoil Dynamic Energy S.A. de C.V.	Mexico	50%
Coastal Drilling Pte. Ltd.	Singapore	100%
CN Energy Holdings Pte. Ltd.	Singapore	50%
CN Energy Servicios S.A. de C.V.	Mexico	50%
Elite Point Pte. Ltd.	Singapore	80%
Coastal Watt Energy Pte. Ltd.	Singapore	60%
Thaumas Marine Ltd.	British Virgin Islands	100%
Coastal International Marine Inc.	British Virgin Islands	100%
Coastal Offshore Marine Inc.	British Virgin Islands	100%

1.2.4 Statement of Compliance

This Sustainability Statement has been prepared with reference to the sustainability-related disclosure principles issued by the International Sustainability Standards Board (ISSB), including IFRS S1 and IFRS S2.

These standards have informed the Group's understanding of emerging global best practices in the disclosure of sustainability-related risks and opportunities relevant to its operating context.

The Group has also taken into consideration the Bursa Malaysia Sustainability Reporting Guide (3rd Edition).

1.2.5 Connectivity of Information

This Sustainability Statement is aligned with the reporting period of the Group's consolidated financial statements.

The disclosures seek to strengthen the connectivity between sustainability-related matters and business performance, including how environmental, social and governance considerations relate to operational activities, business risks, and long-term resilience.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.2 Basis of Preparation (cont'd)

1.2.6 Reporting Frameworks and Standards

In preparing this Sustainability Statement, the Group has referenced selected local and international sustainability reporting frameworks and standards to support transparency, consistency, and the progressive enhancement of the Group's disclosures.

FRAMEWORK FOLLOWED	ALIGNMENT FOCUS
 <p>International Sustainability Standards Board (ISSB)</p>	<p>The IFRS S1 and S2 standards guide our disclosure on sustainability-related risks and opportunities that may affect enterprise value, including climate-related financial information from a financial materiality perspective.</p>
 <p>Global Reporting Initiative (GRI)</p>	<p>Provides the foundation for reporting the Group's most significant impacts on the economy, environment, and people from an impact materiality perspective.</p>
 <p>Sustainability Accounting Standards Board (SASB)</p>	<p>The sector relevant to the Group's activities will be referred to: Industrial Machinery & Goods and it provides industry-specific standards to identify and disclose financially material sustainability risks and opportunities that may affect enterprise value, from a financial materiality perspective.</p>
 <p>European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD)</p>	<p>The Group has referenced the ESRS under CSRD as its key reporting framework, applying a double materiality lens to assess sustainability topics from both impact and financial materiality perspective.</p>

1.2.7 Assumptions, Judgements and Estimates

Topic	Description
Materiality Assessment	The Group applied judgement in assessing key material issues. The current assessment primarily based on qualitative evaluation of financial impacts and potential exposure to revenue, capital expenditure (CAPEX), operating expenditure (OPEX), and access to capital. Quantitative financial impact assessment will be progressively incorporated in future reporting cycles as data availability and analytical capabilities improve.
GHG Emissions	The Group applied judgement in defining the organisational and operational boundaries of its GHG emissions inventory, which currently covers Scope 1 emissions (fuel consumption from company-owned vehicles, equipment, and process-related activities), Scope 2 emissions (purchased electricity), and selected Scope 3 emission categories limited to business travel (air travel only) and employee commuting. Scope 3 emissions coverage currently includes only two categories and do not yet fully represent the Group's value chain emissions. As data collection systems mature, the scope, accuracy, and completeness of emissions data are expected to improve in future reporting periods.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.2 Basis of Preparation (cont'd)

1.2.7 Assumptions, Judgements and Estimates (cont'd)

Topic	Description
Scenario Selection	The selection of scenarios for climate-related risk and opportunity assessment involved management judgement to reflect plausible climate-related developments relevant to the Group's operations. Given the Group's current stage of climate reporting maturity, the assessment focuses on qualitative scenarios aligned with identified physical and transition risks across short-, medium- and long-term horizons. These scenarios are intended to capture potential operational disruption, regulatory developments and evolving stakeholder expectations that may affect the Group's strategy, operational resilience and financial performance.
Sustainability Data	The Group exercised judgement in consolidating sustainability-related data across subsidiaries where data collection processes are still being standardised. As internal tracking systems and data governance processes continue to improve, the Group expects enhanced data accuracy, consistency, and coverage in future reporting periods.

1.2.8 Transition Reliefs

For this reporting period, the Group has applied certain transition reliefs permitted under the IFRS Sustainability Disclosure Standards.

This includes qualitative disclosures on sustainability-related risks and climate-related risks and opportunities, while quantification of financial impacts and additional Scope 3 emission categories will be progressively enhanced in future reporting periods.

1.2.9 External Assurance

The Group has not obtained external assurance for the sustainability information disclosed in this report for the financial year ended 31 December 2025.

The information presented is based on internal data collection, monitoring and review processes, and is subjected to internal validation by the respective responsible departments prior to publication.

1.3 Performance Highlights and Recognition

Coastal's performance for the financial year ended 31 December 2025 reflects the Group's continued focus on strengthening business fundamentals, maintaining operational discipline, and supporting sustainable growth across its operations.

During the year, the Group prioritised operational reliability, safety performance, governance enhancement, and the gradual integration of sustainability considerations into the Group's business activities.

The Group also continued to uphold relevant certifications and received selected recognitions that support the Group's commitment to operational quality, safety, and compliance.

As the Group's sustainability reporting practices continue to evolve, FY2025 represents a foundational year for consolidating key performance information and preparing for more structured disclosures in future reporting periods, particularly in the context of evolving sustainability expectations across the maritime and energy-related sectors.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.3 Performance Highlights and Recognition (cont'd)

1.3.1 The Group's Year at a Glance (FY2025)

The table below presents selected performance areas and indicative highlights for the financial year ended 31 December 2025.

01 Strengthening our core	02 Driving our growth	03 Protecting our environment	04 Empowering our workforce	05 Strengthening governance
<p>GAS PROCESSING Perdiz and Papan plants operated at full capacity throughout FY2025, supporting sustained joint venture profit contribution of</p> <p>RM89.5M share of JV profit (FY2024: RM68.7M)</p> <p>MAJOR CONTRACT SECURED RM4.64B Contract for Papan 2 Plant (150 mmscfd), related permanent infrastructure separation plant in Ixachi Field.</p> <p>MARINE OPERATIONAL RELIABILITY Two harbour tugs achieved 100% uptime on bareboat charters. 2019 charter extended a further five years to March 2029</p> <p>FINANCIAL STRENGTH RM858.0M Cash and cash equivalents as at 31 Dec 2025. Gross gearing improved to 0.01x — Group remains in net cash position Net cash</p> <p>GROSS PROFIT MARGIN 26.28% FY2024: 5.74% Improved margin; FY2024 impacted by repairs and one-off costs.</p>	<p>SUPPLY CHAIN PRACTICES Established enhanced Supplier Code of Conduct (SCOC Version 2) aligned with ESG and compliance expectations</p> <p>ESG DUE DILIGENCE 40 Suppliers assessed via Supplier Assessment Questionnaire (SAQ) to strengthen ESG due diligence</p> <p>EXPANDED FTSE4GOOD ESG ASSESSMENT RESEARCH UNIVERSE To all companies listed on the Main and ACE markets.</p>	<p>ENERGY MANAGEMENT 8,473,073 GJ Total energy consumption — FY2025 baseline established across fuel and electricity sources Baseline year</p> <p>CIRCULAR ECONOMY 3,559 kg Total hazardous and non-hazardous waste generated — first structured tracking year Baseline year</p> <p>ENVIRONMENTAL COMPLIANCE Zero Non-compliances recorded from DOE (Malaysia) and local authorities in Singapore and Mexico Full compliance</p>	<p>WORKFORCE Operations across Malaysia, Singapore and Mexico supporting offshore, marine and energy activities</p> <p>68.83% Male 31.17% Female</p> <p>LEARNING AND DEVELOPMENT 2,614 hrs Total training hours recorded in Malaysia — covering technical, compliance, safety and digital competencies</p> <p>WORKPLACE SAFETY Continued focus on occupational safety practices and compliance with maritime and HSE requirements across high-risk environments</p>	<p>REGULATORY COMPLIANCE Zero Non-compliance cases recorded across all operating jurisdictions in FY2025 Full compliance</p> <p>CYBERSECURITY AWARENESS Cybersecurity and awareness training conducted across the entire Group, strengthening digital resilience and risk culture Group-wide</p> <p>LEADERSHIP DEVELOPMENT Leadership training programme being embarked upon to build management capability and long-term organisational resilience In progress</p>

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain

1.4.1 The Group's Value Chain and Stakeholder Engagement

The Group's double materiality assessment is grounded in an understanding of Coastal's value chain and the stakeholders connected to its operational activities. As a group operating in safety-critical and environmentally sensitive environments, sustainability considerations may arise across multiple stages of the Group's activities, from upstream sourcing to operational delivery and downstream engagement with customers, regulators and communities.

For the purpose of this assessment, the Group's value chain is structured into three interconnected segments: upstream, midstream and downstream. These segments reflect how the Group's activities, decisions and dependencies interact, and how sustainability-related risks and opportunities may originate in one area and materialise in another.

The assessment also takes into account perspectives from key stakeholder groups connected to the Group's operations, including customers, employees, regulators, business partners and local communities, where relevant. Engagement with these stakeholders helps inform the Group's understanding of the sustainability-related matters that are most relevant to Coastal's operating context, risk profile and long-term business resilience.



Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.1 The Group's Value Chain and Stakeholder Engagement (cont'd)

Upstream: Supply Chain and Inputs

The Group's upstream activities include supplier selection and procurement, the sourcing of fuel, equipment and materials, the engagement of contractors, and inbound logistics.

Sustainability considerations at this stage are closely linked to energy management, responsible supply chain practices, ethical labour standards, internal controls, regulatory compliance and integrity in procurement processes.

These factors influence supply chain reliability, cost stability and the Group's ability to maintain responsible business conduct across its supplier network.

Midstream: Our Operations

Midstream activities represent the core of Coastal's business operations and include offshore and marine support services, shipbuilding and vessel repair, shipyard operations, fleet management, site operations, energy and fuel consumption, as well as workforce management and training.

This segment carries the most significant sustainability exposure due to its direct interaction with the natural environment and reliance on a skilled workforce operating in complex and high-risk conditions.

Key considerations include:

- energy use and carbon emissions
- protection of marine and coastal ecosystems
- circular economy and resource efficiency
- occupational health and safety
- ethical labour practices
- employee training and development

Downstream: Clients, Regulators and Communities

The Group's downstream activities relate to engagement with customers, regulators, business partners and communities connected to its operations.

This includes contract delivery, regulatory reporting and inspections, data handling and information management, as well as community engagement, particularly in coastal areas where the Group's activities may give rise to social and environmental considerations.

These interactions influence customer trust, regulatory compliance and the Group's social licence to operate.

Integrating Sustainability Across the Value Chain

The Group does not view the Group's value chain as a linear process, but as an interconnected system where sustainability-related risks and opportunities may originate in one segment and materialise in another.

Mapping the Group's value chain enables the Group to identify where material sustainability topics give rise to the most significant impacts, dependencies, risks and opportunities.

This approach also supports alignment with the Sustainability-Related Risks and Opportunities (SRRO) and Climate-Related Risks and Opportunities (CRRO) presented in subsequent sections of this Statement.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

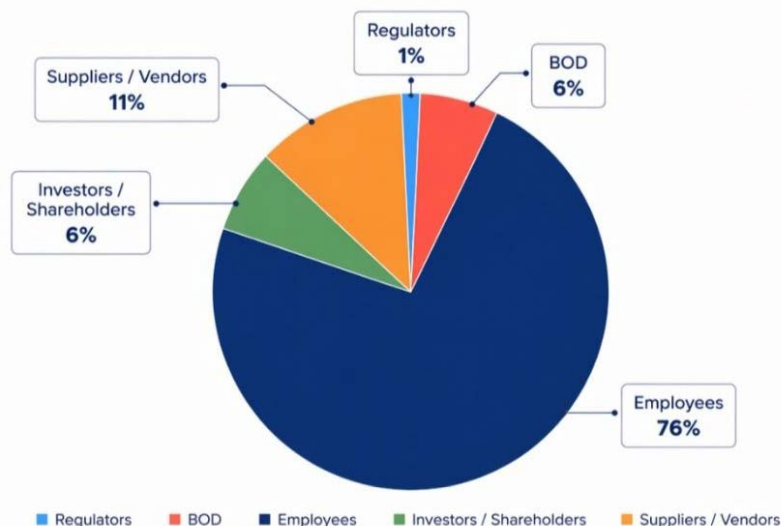
1.4.2 Our Four-Phase Approach to Impact Materiality Assessment



Stakeholder Engagement

The impact materiality assessment was informed by engagement with key stakeholder groups, including employees, contractors, customers, regulators, suppliers and investors.

In total, **70 stakeholders participated in the online survey** used to inform the assessment.



Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.2 Our Four-Phase Approach to Impact Materiality Assessment (cont'd)

Stakeholder Engagement (cont'd)

The weights assigned to each stakeholder group were determined through Management and Board-level discussions, taking into consideration the relevance and influence on each group on the Group's operations, regulatory obligations and long-term business resilience. The assigned weighting plays a key role in the final score of the "scale of impact" of each material topic.

Stakeholder Group	Weight Allocation (%)
Regulators	25
BOD	25
Employees	25
Investors / Shareholders	15
Suppliers / Vendors	10
Total Weight	100

Impact Materiality Analysis

Stakeholder impact scores range from **approximately 78% to 88%**, indicating that all identified material topics are considered highly relevant across environmental, social, governance and economic dimensions.

The highest impact topics are:

- Anti-Corruption & Ethics (88.2%)
- Internal Controls & Regulatory Compliance (84.6%)
- Marine & Coastal Ecosystem Protection (84.2%)
- Occupational Health & Safety (84.2%)
- Carbon Accounting & Climate Change (82.4%)

These results reflect Coastal's operating profile as a marine and heavy industrial company, where:

- Governance integrity,
- Regulatory compliance,
- Environmental protection, and
- Workplace safety

Remain core stakeholder expectations and critical enablers of operational continuity and long-term business resilience.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.2 Our Four-Phase Approach to Impact Materiality Assessment (cont'd)

Impact Materiality Analysis (cont'd)

Finalised Material Topic	Output Narratives	Value Chain Location	Nature of Impact	Impacted Area
Energy Management	GHG emissions resulting from direct energy consumption and leakages	Entire Supply Chain and Operations	Negative	Environment
	Reduction in energy consumption through alternative fuel use and improved energy efficiency measures	Entire Supply Chain and Operations	Positive	Environment
Carbon Accounting and Climate Change	GHG emissions from Scope 1, 2 and relevant Scope 3 categories	Entire Supply Chain and Operations	Negative	Environment, Regulators, Investors
	Improved carbon footprint tracking, disclosures and decarbonisation strategies	Entire Supply Chain and Operations	Positive	Investors, Customers, Environment
Marine & Coastal	Potential contamination, waste discharge and marine	Operations	Negative	Local Communities,
Ecosystem Protection	Habitat disturbance			Environment, Regulators
	Environmental controls, spill-prevention measures and marine conservation initiatives	Operations	Positive	Local Communities, Environment, Regulators
Circular Economy & Resource Efficiency	High waste generation, low recycling rates and inefficient material use	Downstream Supply Chain & Operations	Negative	Environment, Regulators
	Waste reduction through segregation, recycling, reuse and efficient procurement	Downstream Supply Chain & Operations	Positive	Suppliers, Employees, Environment
Occupational Health & Safety	Workplace injuries and fatalities affecting productivity and insurance costs	Supply Chain and Operations	Negative	Employees, Contractors, Community
	Enhanced SOPs, training, toolbox briefings, risk assessments and PPE quality	Supply Chain and Operations	Positive	Employees, Contractors
Ethical Labour Practices	Discrimination, unfair treatment and poor working conditions	Operations (HR)	Negative	Employees, Regulators, Community
	Fair labour standards, inclusive policies and ethical recruitment	Operations (HR)	Positive	Employees, Social Auditors, Community
Societal & Communal Impacts	Noise, dust, traffic and community disruption	Operations (Admin, Finance, Corporate Affairs)	Negative	Local Communities
	CSR programmes, local hiring and community engagement	Operations (Admin, Finance, Corporate Affairs)	Positive	Local Communities

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.2 Our Four-Phase Approach to Impact Materiality Assessment (cont'd)

Impact Materiality Analysis (cont'd)

Finalised Material Topic	Output Narratives	Value Chain Location	Nature of Impact	Impacted Area
Employee Training & Development	Skill gaps leading to errors and inefficiencies	Operations (HR)	Negative	Employees
	Upskilling, technical training and leadership development	Operations (HR)	Positive	Employees, Top Management
Data Privacy & Cybersecurity	Data breaches, loss of information and operational disruption	Operations (IT)	Negative	Customers, Regulators, Investors, Suppliers
	Strengthened cybersecurity systems and monitoring tools	Operations (IT)	Positive	Customers, Regulators, Investors
Internal Controls & Regulatory Compliance	Fines, penalties and operational interruption	Operations (Management)	Negative	Regulators, Investors, Management
	Enhanced governance systems and audit controls	Entire Value Chain	Positive	All Stakeholders
Anti-Corruption & Ethics	Fraud, bribery and unethical behaviour	Supply Chain and Operations	Negative	All Stakeholders
	Transparent procurement and whistleblowing mechanisms	Supply Chain and Operations	Positive	Investors, Board, Customers
Responsible Procurement & Supplier Management	Supplier non-compliance and poor-quality inputs	Supply Chain	Negative	Suppliers, Customers, Regulators
	Supplier screening, ESG audits and responsible sourcing	Supply Chain	Positive	Suppliers, Customers
Innovation & Technology Adoption	Delayed modernisation and operational inefficiencies	Operations (Management)	Negative	Customers, Investors
	Digitalisation, automation and modernisation of equipment	Operations (Management)	Positive	Employees, Customers, Investors

Actual and Potential Impact Assessment

Material Topic	Actual Impact	Potential Impact if Unmanaged
Energy Management	High fuel and energy consumption across vessels and facilities	Rising operating costs, carbon pricing exposure
Carbon Accounting and Climate Change	GHG emissions from fuel and operations	Regulatory tightening, reputational pressure
Marine & Coastal Ecosystem Protection	Risk of spills, waste discharge and habitat disturbance	Environmental damage, loss of licence to operate
Circular Economy & Resource Efficiency	High waste generation and inefficient material usage	Higher disposal costs, regulatory action
Occupational Health & Safety	Safety risks in offshore, onshore and shipyard environments	Major incidents, downtime, legal liabilities
Ethical Labour Practices	Workforce compliance and labour governance risks	Audit failures, reputational damage

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.2 Our Four-Phase Approach to Impact Materiality Assessment (cont'd)

Actual and Potential Impact Assessment (cont'd)

Material Topic	Actual Impact	Potential Impact if Unmanaged
Societal & Communal Impacts	Operational disturbance to local communities	Community opposition, reputational risk
Employee Training & Development	Skills gaps affecting performance	Operational errors, weak succession
Data Privacy & Cybersecurity	Vulnerability to data breaches and information security risks	Operational disruption, contract loss
Internal Controls & Regulatory Compliance	Compliance exposure	Fines, penalties, licence suspension
Anti-Corruption & Ethics	Integrity risks in procurement and business dealings	Legal penalties, stakeholder distrust
Responsible Procurement & Supplier Management	Supplier reliability and quality issues	Production disruption, customer dissatisfaction
Innovation & Technology Adoption	Lagging efficiency and competitiveness	Reduced resilience and long-term viability

The impact materiality assessment highlights that the Group's most significant impacts arise from:

- environmental exposure associated with energy use, emissions and interaction with marine ecosystems;
- social considerations linked to workplace safety, workforce capability and community engagement;
- governance-related risks associated with compliance, integrity and data protection; and
- economic dependencies related to supply chain resilience and technology adoption.

Across all pillars, a consistent pattern emerges whereby unmanaged impacts may give rise to material risks, while effective controls and proactive initiatives may create opportunities to enhance operational efficiency, strengthen stakeholder trust and support long-term resilience. These findings provide an important foundation for the Group's subsequent financial materiality assessment and overall double materiality evaluation.

1.4.3 Financial Materiality Assessment

Our Approach to Financial Materiality Assessment

Building on the impact materiality assessment, Coastal conducted a financial materiality assessment to evaluate how sustainability-related risks and opportunities may influence financial performance, operational resilience and long-term value creation.

This assessment considers how sustainability impacts and dependencies may translate into potential financial effects, including cost exposure, revenue risk, compliance expenditure, asset integrity risk, insurance exposure and contract continuity.

Methodology for Financial Risk and Opportunity Assessment

Each material topic was assessed using a scenario-based methodology aligned with IFRS S1 expectations.

Each topic was evaluated across:

- likelihood
- magnitude of financial impact

Both dimensions were assessed using a five-point scale, resulting in a 5x5 risk assessment matrix.

Financial Materiality Assessment Results

High Financial Materiality Topics

- Energy Management (57.33%)
- Carbon Accounting and Climate Change (57.33%)
- Anti-Corruption & Ethics (50.67%)

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.3 Financial Materiality Assessment (cont'd)

Moderate–High Financial Materiality Topics

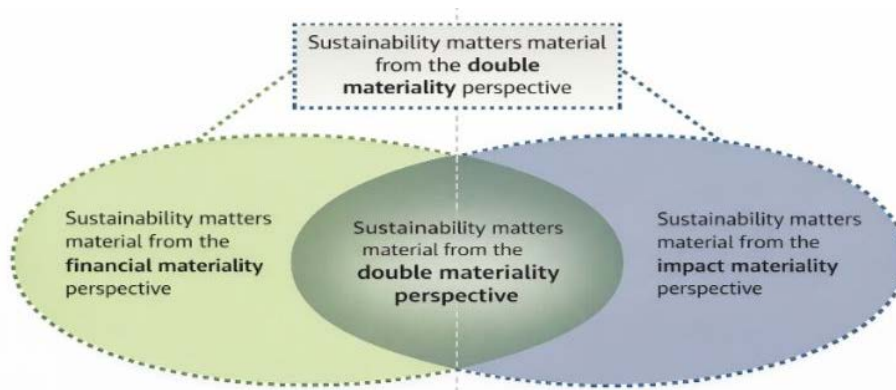
- Marine & Coastal Ecosystem Protection (49.33%)
- Occupational Safety and Health (OSH) (49.33%)
- Internal Controls and Regulatory Compliance (48.00%)
- Data Privacy and Cybersecurity (46.67%)

Moderate Financial Materiality Topics

- Circular Economy & Resource Efficiency (42.67%)
- Ethical Labour Practices (42.67%)
- Employee Training & Development (42.67%)
- Responsible Procurement & Supplier Management (42.67%)
- Innovation & Technology Adoption (37.33%)
- Societal & Communal Impacts (30.67%)

1.4.4 The Group's Double Materiality Assessment

The Double Materiality Matrix presents the combined results of Coastal's impact materiality and financial materiality assessments.



Methodology & Threshold Setting

Coastal's double materiality assessment was conducted in accordance with the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD), evaluating material topics across two dimensions: impact materiality (the company's effects on people and the environment) and financial materiality (how sustainability matters affect financial performance and enterprise value).

To determine materiality thresholds, Coastal applied a median split approach across all 13 assessed topics, retaining the top two quartiles of scores on both dimensions. This ensures only topics with genuinely elevated significance are classified as material.

The thresholds derived are:

- Financial materiality threshold: 44.0% (median of scores ranging from 30.67% to 57.33%)
- Impact materiality threshold: 82.0% (median of scores ranging from 78.4% to 88.2%)

Topics must meet or exceed both thresholds to be classified as double material. Topics exceeding only one threshold are classified as either financially or impact material, while those below both are considered of low materiality.

Sustainability Statement (cont'd.)

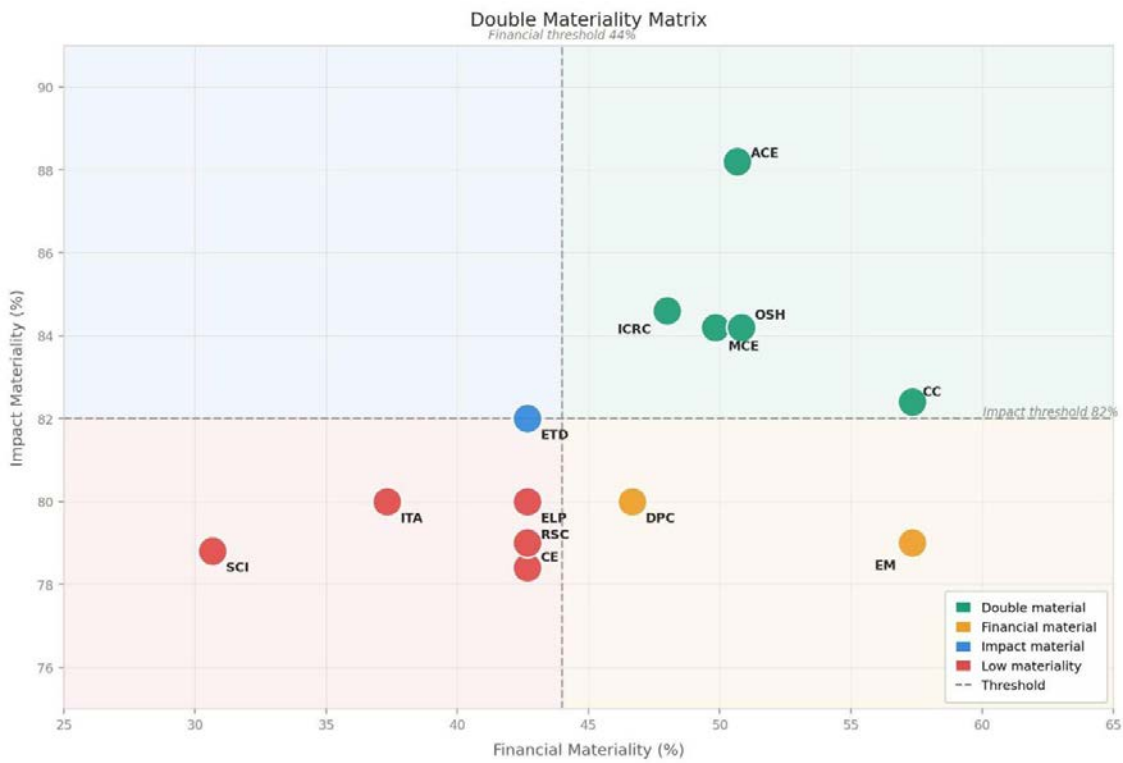
Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.4 The Group's Double Materiality Assessment (cont'd)

Double Materiality Results and Analysis

The Double Materiality Matrix below plots all 13 assessed topics across both dimensions, with dashed threshold lines demarcating the four materiality zones.



Classification Results

Abbr.	Material Topic	Classification
ACE	Anti-Corruption & Ethics	Double material
CC	Carbon Accounting & Climate Change	Double material
MCE	Marine & Coastal Ecosystem Protection	Double material
OSH	Occupational Health & Safety	Double material
ICRC	Internal Controls & Regulatory Compliance	Double material
EM	Energy Management	Financial material only
DPC	Data Privacy & Cybersecurity	Financial material only
ETD	Employee Training & Development	Impact material only

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.4 Materiality Assessment Across the Value Chain (cont'd)

1.4.4 The Group's Double Materiality Assessment (cont'd)

Classification Results (cont'd)

Abbr.	Material Topic	Classification
CE	Circular Economy & Resource Efficiency	Low materiality
ELP	Ethical Labour Practices	Low materiality
RSC	Responsible Procurement & Supplier Management	Low materiality
ITA	Innovation & Technology Adoption	Low materiality
SCI	Societal & Communal Impacts	Low materiality

Double material topics (5 topics)

Five topics meet both thresholds and form Coastal's core CSRD disclosure priorities.

Anti-Corruption & Ethics (ACE) recorded the highest impact score (88.2%) and a financial score of 50.67%, reflecting the critical importance of governance integrity across Coastal's supply chain. Unmanaged, this topic carries significant exposure to legal penalties, reputational damage and stakeholder distrust.

Carbon Accounting & Climate Change (CC) achieved the highest financial score (57.33%) alongside an impact score of 82.4%, making it both a strategic financial risk and major environmental concern. Regulatory tightening, carbon pricing and investor pressure position this as a central ESRS E1 priority.

Marine & Coastal Ecosystem Protection (MCE) and Occupational Health & Safety (OSH) both scored 84.2% on impact, reflecting Coastal's marine and heavy industrial profile. MCE carries licence-to-operate risk; OSH directly affects workforce safety, productivity and legal liability.

Internal Controls & Regulatory Compliance (ICRC) scored 84.6% on impact and 48.0% financially, underscoring the systemic importance of governance infrastructure. Failures carry direct financial consequences through fines, licence suspension and reputational exposure.

Financially material topics (2 topics)

Energy Management (EM) recorded a financial score of 57.33% but an impact score of 79.0%, falling short of double material status. It remains a priority for financial risk disclosure and operational efficiency strategy.

Data Privacy & Cybersecurity (DPC) scored 46.67% financially and 80.0% on impact. The financial risk of data breaches and regulatory penalties warrants continued monitoring, particularly as Coastal's digital infrastructure evolves.

Impact material topic (1 topic)

Employee Training & Development (ETD) scored exactly 82.0% on impact but only 42.67% financially. While immediate financial translation is limited, unmanaged skills gaps carry longer-term risks to succession and operational resilience that warrant narrative disclosure.

Low materiality topics (5 topics)

Circular Economy & Resource Efficiency (CE), Ethical Labour Practices (ELP), Responsible Procurement & Supplier Management (RSC), Innovation & Technology Adoption (ITA) and Societal & Communal Impacts (SCI) fell below both thresholds. These topics should be acknowledged briefly and reassessed as Coastal's ESG data maturity improves.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management

1.5.1 Climate Governance

In alignment with the principles of **IFRS S2 Climate-related Disclosures**, Coastal recognises the importance of effective governance in overseeing climate-related risks and opportunities that may affect operational resilience, financial performance and long-term sustainability. Climate considerations are embedded within Coastal's existing governance and management structures to support appropriate oversight, accountability and integration into enterprise-wide decision-making, in a manner proportional to the Group's size, operational profile and current data maturity.

Climate-related governance responsibilities are distributed across Board, management, ESG coordination and operational functions to support effective oversight, implementation and escalation through existing governance channels.

Board-Level Oversight

Overall oversight of climate-related risks and opportunities is provided by the Board of Directors, comprising the Chairman, Executive Directors and Independent Directors. The Board is responsible for overseeing material climate-related matters that may affect Coastal's strategy, operations, compliance obligations and long-term value creation.

The Board considers significant physical and transition climate risks, including regulatory developments, energy-related exposures and operational disruption risks, as part of its broader oversight of strategic, operational and financial matters. Climate-related considerations are also taken into account in reviewing major investment-related decisions, including capital expenditure and operational trade-offs associated with climate risks and resilience measures. Board-level engagement on climate-related matters is conducted at least annually, or more frequently where material developments or emerging risks arise.

Management-Level Governance

At the management level, climate-related governance is supported through Coastal's functional leadership structure, including Legal & Compliance, HSE, ESG, HR/IT, Supply Chain & Procurement, Finance & Reporting, and Marketing & Investor Relations. These functions are responsible for identifying, assessing and managing climate-related risks and opportunities within their respective areas of responsibility.

Climate considerations are integrated into operational planning, compliance management, procurement activities, financial reporting and periodic risk discussions, ensuring that climate-related matters are not managed in isolation. Material climate-related risks, incidents or emerging issues identified at the management level are escalated through established internal governance channels to Senior Management and the Board, where appropriate.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.1 Climate Governance (cont'd)

Operational Implementation and Oversight

At the operational level, climate risk mitigation and adaptation measures are implemented across Coastal's shipyards, offices, plants, projects and facilities. Operational units are responsible for monitoring site-specific physical climate impacts, such as extreme weather events, heat-related effects and operational disruptions, and for reporting material issues through established internal reporting channels.

The ESG Manager plays a coordinating role in supporting climate-related initiatives across Coastal, including the collection, consolidation and monitoring of climate-related data such as energy use, emissions and operational disruptions. The ESG function supports management and Board oversight by preparing climate-related reporting inputs and facilitating cross-functional coordination on climate-related matters.

Climate-Related Competency and Capability

Coastal recognises that effective climate governance depends on appropriate competencies across Board, management and operational levels. Climate-related knowledge and awareness are progressively strengthened through functional involvement in sustainability, compliance and risk-related activities, as well as ongoing engagement on climate-related regulatory and operational developments.

Competencies are further developed through on-the-job exposure, cross-functional coordination, and participation in relevant training, coaching, mentoring and engagement activities related to sustainability and climate governance.

Refer to the Organisational Climate Competency Matrix for an overview of climate-related skills across governance levels.



Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.2 Climate Strategy

Our Approach to Climate-related Risks and Opportunities

Coastal recognises that climate-related risks and opportunities may influence onshore, offshore marine and coastal operations, regulatory compliance obligations, operating costs and long-term operational resilience. Given the nature of the Group's activities, which include worksite operations, vessel maintenance and offshore support services, climate considerations are closely linked to physical environmental exposure, energy consumption, safety performance and evolving maritime regulations.

At the current stage of sustainability and climate reporting maturity, Coastal has adopted a phased and proportionate approach to assessing climate-related risks and opportunities. For the financial year ended 31 December 2025, the Group's focus is on the qualitative identification and assessment of climate-related physical and transition risks across our value chain.

This approach provides a foundational understanding of potential exposures and supports the prioritisation of future actions as data availability, internal processes and governance maturity continue to evolve.

Time Horizons Used in Climate-related Assessment

TIME HORIZON	YEARS	RATIONALE
 SHORT-TERM	Up to 2030	Aligned with near-term operational planning cycles, vessel deployment schedules, worksite operations, regulatory compliance requirements, and capital expenditure planning for equipment and facilities.
 MEDIUM-TERM	2031-2040	Period during which more stringent climate, maritime safety, energy efficiency, and environmental regulations are expected to take effect, alongside increased stakeholder scrutiny.
 LONG-TERM	2041-2050	Longer-term climate uncertainties and structural shifts affecting business operations, coastal infrastructure resilience, energy transition, and cumulative physical climate impacts.

The use of defined short-, medium- and long-term time horizons allows the Group to distinguish between near-term operational exposures and longer-term strategic and resilience considerations. These time horizons support consistent evaluation of climate-related risks and opportunities across governance, strategy and risk management processes.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.2 Climate Strategy (cont'd)

Climate-related Risks: Physical Risks

Physical Risk	Type of Risk	Time Horizon	Description	Impacted Business Activities and Value Chain
Flooding and extreme rainfall	Acute	Short to medium-term	Increased frequency of heavy rainfall and localised flooding may disrupt shipyard and worksite access, damage ground-level equipment, workshops and stored materials, and delay vessel-related repair or construction schedules.	Upstream: inbound materials and equipment Midstream: shipyard and yard-based operations Downstream: product/asset delivery and offshore support
Extreme heat and higher average temperatures	Chronic	Medium to long-term	Rising temperatures may increase heat stress risks for outdoor and manual workers, accelerate equipment wear, and increase cooling and ventilation needs at shipyards and worksites.	Midstream: shipyard/worksite operations, workshops and offices. Supporting: utilities and facilities management
Climate-related supply chain disruption	AcuteChronic	Medium to long-term	Severe weather events may affect availability and delivery of equipment, spare parts and energy supplies, impacting project schedules.	Upstream: suppliers and logistics partners Midstream: project planning and execution Downstream: product/asset/project delivery
Water availability and quality	Chronic	Medium to long-term	Tighter regulation or constraints on industrial water use may affect shipyard and worksite cleaning, maintenance and operational processes.	Midstream: utilities and yard/worksite operations Supporting: environmental compliance

Operational Implications and Mitigation Measures

Physical Risk	Business Model / Operational Impact	Current Mitigation / Adaptation Measures	Planned / Anticipated Actions	Potential Financial Implications (Qualitative)
Flooding and extreme rainfall	Disruption to operational continuity or readiness, project delays and reduced yard productivity.	Drainage systems, site maintenance procedures and insurance coverage for key assets.	Resilience upgrades, enhanced flood preparedness planning and operational contingency measures.	Asset repair costs, downtime-related revenue delays, and increased maintenance expenditure, potential loss of business opportunities.
Extreme heat and higher average temperatures	Increased operational strain, safety risks and higher energy intensity.	PPE usage, safety procedures and basic facility cooling measures.	Enhanced heat stress management protocols, improved ventilation and energy-efficient cooling systems.	Higher energy OPEX and productivity loss during extreme heat periods.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.2 Climate Strategy (cont'd)

Operational Implications and Mitigation Measures (cont'd)

Physical Risk	Business Model / Operational Impact	Current Mitigation / Adaptation Measures	Planned / Anticipated Actions	Potential Financial Implications (Qualitative)
Climate-related supply chain disruption	Reduced supply reliability affecting project schedule and vessel turnaround times.	Supplier relationship management and inventory buffers.	Supplier diversification and improved logistics contingency planning.	Procurement cost volatility and potential project delay penalties.
Water availability and quality	Operational constraints and increased compliance requirements.	Water use monitoring and compliance with current regulations.	Water efficiency initiatives and preparation for stricter regulatory requirements.	Higher utility costs and potential CAPEX for efficiency upgrades.

The physical risk assessment indicates that Coastal's shipyard, worksite and vessel-related activities are particularly exposed to climate hazards such as flooding, extreme heat and supply chain disruption. If not effectively managed, these risks may affect operational continuity, safety performance, project delivery and potential revenue opportunities.

Climate-related Risks and Opportunities: Transition Risks and Opportunities

In addition to physical risks, the Group assessed transition-related risks and opportunities arising from evolving climate policies, maritime regulations, market expectations and stakeholder requirements. These developments may influence the Group's operating cost, regulatory compliance obligations, competitive position and access to future opportunities. Transition-related considerations may also affect financing flexibility, organisational credibility and long-term market positioning.

Transition Risk or Opportunity	Time Horizon	Description	Impacted Business Activities and Value Chain	Business Model / Value Chain Effect
Risk: Energy and fuel-related policy and pricing	Medium-term	Potential tightening of fuel efficiency standards, carbon pricing mechanisms, or marine-related fuel regulations may increase operating costs for vessels, shipyards and worksite operations.	Midstream: vessel assets and worksite operations Supporting: finance and procurement	Cost pressure on marine operations and project margins.
Risk: Environmental and maritime regulatory tightening	Medium to long-term	Stricter environmental, waste management, and maritime regulations may increase compliance obligations and operational complexity.	Midstream: shipyard and worksite operations Downstream: project execution	Increased compliance burden and potential operational adjustments.
Risk: Customer expectations on sustainability performance	Short to medium-term	Clients increasingly expect contractors to demonstrate environmental stewardship and strong safety performance, which may influence tender outcomes and contract awards.	Downstream: track records, contract bidding, project delivery, and client relationships	Sustainability performance may affect competitiveness and reputation.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.2 Climate Strategy (cont'd)

Climate-related Risks and Opportunities: Transition Risks and Opportunities (cont'd)

Transition Risk or Opportunity	Time Horizon	Description	Impacted Business Activities and Value Chain	Business Model / Value Chain Effect
Opportunity: Energy efficiency in marine business operations	Short to medium-term	Improving energy efficiency and energy management can reduce operating costs and mitigate exposure to future policy changes.	Midstream: vessel assets and yard/worksite operations	Improved cost efficiency and operational resilience.
Opportunity: Sustainable marine operational practices	Medium to long-term	Adoption of environmentally responsible operational practices may enhance reputation and improve access to sustainability-conscious clients.	Downstream: client engagement Upstream: supplier practices	Differentiation in relevant marine and offshore markets.
Opportunity: Access to sustainable finance	Medium-term	Improved climate-related disclosures and governance practices may support access to sustainability-linked financing or incentives.	Group-wide: finance and governance	Greater financing flexibility and strengthened investor confidence.

Current Responses and Future Actions

Transition Risk or Opportunity	Current Mitigation / Strategic Response	Planned / Anticipated Actions	Potential Financial Implications (Qualitative)
Risk: Energy and fuel-related policy and pricing	Monitoring fuel consumption and basic energy efficiency measures.	Enhanced fuel management practices and long-term energy planning.	Higher fuel OPEX and exposure to price volatility.
Risk: Environmental and maritime regulatory tightening	Compliance monitoring and engagement with relevant regulators.	Strengthening environmental management systems and regulatory preparedness.	Increased compliance costs and potential CAPEX for operational upgrades.
Risk: Customer expectations on sustainability performance	Existing safety procedures and regulatory compliance practices.	Strengthened sustainability disclosures and performance monitoring.	Revenue risks if expectations are not met.
Opportunity: Energy efficiency in marine business operations	Basic fuel and energy monitoring systems.	Structured energy efficiency initiatives and equipment upgrades, including adoption of relevant technology.	OPEX savings, improved margins, enhanced competitiveness.
Opportunity: Sustainable marine operational practices	Compliance-focused environmental practices.	Expanded environmental initiatives and strengthened client engagement.	Potential revenue growth and improved client retention.
Opportunity: Access to sustainable finance	Ongoing improvements in governance and reporting.	Development of structured climate-related disclosures aligned with emerging standards.	Potential reduction in financing costs and improved access to capital.

The transition assessment highlights that regulatory developments, energy-related policies and evolving customer expectations on sustainability performance may increasingly shape Coastal's operating environment. At the same time, these developments may create opportunities to enhance operational efficiency, strengthen competitiveness, improve organisational credibility and expand access to sustainable financing.

Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.3 Risk Management

Process for Climate-related Risks and Opportunities Assessment

Coastal manages climate-related risks and opportunities through a structured process integrated into its governance, operational management and enterprise risk management frameworks. At the Group's current stage of maturity, this process focuses on the qualitative identification, assessment, monitoring and reporting of climate-related risks and opportunities, while establishing a foundation for progressive enhancement in future reporting periods.

The process covers five key stages, namely identification, assessment and prioritisation, monitoring and management, integration into enterprise risk management, and reporting and communication.

Climate-related physical and transition risks and opportunities are identified across the Group's value chain, including

- Upstream: procurement activities and logistics
- Midstream: shipyard, vessel and land-based operation activities
- Downstream: project execution and client engagement

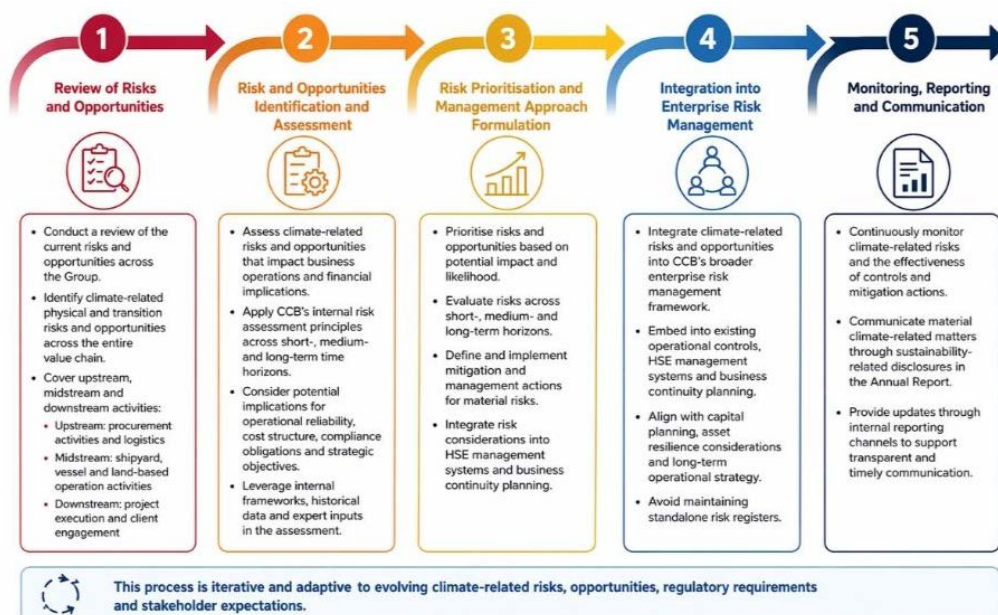
Following identification, climate-related risks and opportunities are assessed and prioritised on a qualitative basis using Coastal's internal risk assessment principles. Risks are considered across defined short-, medium- and long-term time horizons, taking into account potential implications for operational reliability, cost structure, compliance obligations and strategic objectives.

Identified and prioritised climate-related risks and opportunities are then managed through existing operational controls, HSE management systems and business continuity planning.

Climate-related risks are integrated into Coastal's broader enterprise risk management framework rather than maintained as standalone risk registers.

This approach supports alignment between climate-related risks management, capital planning, asset resilience considerations and long-term operational strategy.

Material climate-related matters are communicated through sustainability-related disclosures in the Annual Report and through internal reporting channels.



Sustainability Statement (cont'd.)

Chapter 1: Responsible Growth in a Changing Energy and Maritime Landscape (cont'd)

1.5 Climate Risk Management (cont'd)

1.5.4 Metrics and Targets

In alignment with the IFRS S2 recommendations, the Group tracks and discloses GHG emissions across all three scopes as a key metric for monitoring climate-related risks and progress towards decarbonisation.

For the reporting period, the Group's total GHG emissions amounted to 569,815.00 tCO₂e.

Scope 1 emissions, accounted for the overwhelming majority of the Group's carbon footprint at 569,163.12 tCO₂e (99.9%). These were driven primarily by:

- stationary combustion from plant and equipment operations (491,552.16 tCO₂e)
- process emissions (77,364.96 tCO₂e)
- mobile combustion from vehicles and mobile equipment (234.48 tCO₂e)
- fugitive emissions from refrigerant sources (11.54 tCO₂e)

Scope 2 emissions, arising from purchased electricity and measured on a location-based method, totalled 458.22 tCO₂e, reflecting the Group's relatively limited reliance on grid electricity given its operational profile.

Scope 3 emissions, comprising business travel and employee commuting, totalled 193.66 tCO₂e, representing less than 0.04% of the Group's overall emissions footprint. While modest in absolute terms, the Group recognises the importance of expanding its Scope 3 boundary in future reporting periods to capture upstream and downstream value chain emissions more comprehensively.

Targets

The Group has not yet established formal quantitative GHG reduction targets for the current reporting period. This is recognized as an area of improvement.

The Group is committed to defining science-informed emission reduction targets in future reporting cycles, aligned with its transition planning obligations under IFRS S2 and consistent with a credible pathway towards lower-carbon operations. Progress on target-setting will be disclosed as these plans develop.

Chapter 2: Governance and Responsible Leadership

2.1 Corporate Governance

2.1.1 The Group's Commitment

Coastal is committed to maintaining high standards of integrity, transparency, and accountability in the conduct of its business. This commitment is reflected in the adoption of formal governance frameworks, including the Board Charter and Directors' Code of Conduct, as well as the establishment of Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, each operating under defined Terms of Reference.

The Group has also implemented policies covering anti-bribery and corruption, whistleblowing, remuneration practices, fit and proper criteria for directors, and internal control mechanisms. Collectively, these frameworks support structured oversight of material risks, including climate-related risks, operational risks and data governance matters.

In addition, Coastal recognises that effective governance requires continuous capability development. During FY2025, the Group supported knowledge enhancement at the Board and management levels through exposure to climate-related governance matters and cybersecurity awareness training initiatives. These efforts strengthen oversight effectiveness and reinforce Coastal's ability to respond to evolving regulatory expectations and emerging risk areas.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.1 Corporate Governance (cont'd)

2.1.2 Governance Policies and Frameworks in Practice

Coastal's governance framework is supported by a structured suite of Board-approved policies and procedures that promote ethical conduct, accountability, transparency and effective risk management across the Group. These policies establish clear standards of behaviour and define responsibilities at Board, management and operational levels.

The Group's governance instruments address key areas including anti-bribery and corruption, whistleblowing, directors' fit and proper requirements, remuneration governance, Board responsibilities and internal control oversight. Together, they reinforce a culture of integrity and support objective decision-making in the best interests of Coastal and its stakeholders.

In addition, governance provisions extend to risk management, sustainability oversight and information technology controls. These frameworks support the identification, monitoring and management of operational, financial and emerging risks within the organisation.

Governance Policies

Corporate Governance Policy	Purpose	Policy Owner
Anti Bribery and Corruption Policy	Prevents bribery and corruption and promotes ethical business conduct	Board
Whistleblower Policy and Procedures	Provides a confidential reporting channel for misconduct	Board
Directors' Fit and Proper Policy	Ensures the suitability, integrity and competence of directors	Board
Remuneration Policy and Procedures	Establishes a structured and transparent remuneration framework	Management

Risk and Control Frameworks

Corporate Governance Policy	Purpose	Policy Owner
Enterprise Risk Management Framework	Identifies, assesses, and manages principal risks across the Group	Board
Climate Risk Governance Structure	Oversees climate-related risks and opportunities and supports related governance processes	Board
Use of Information Technology Guidelines	Establishes monitoring and controls over IT systems, data security, and digital governance	Management
Incident Reporting Procedures	Defines escalation, reporting and investigation processes for operational and IT related incidents	Management

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.1 Corporate Governance (cont'd)

2.1.3 Sustainability Governance

Sustainability governance at Coastal is integrated within the Group's overall governance and risk management framework, ensuring that sustainability- and climate-related risks and opportunities are considered alongside broader operational, financial and strategic priorities.

Sustainability governance responsibilities at CCB are distributed across four levels, ensuring oversight, coordination and implementation from Board to site operations.



Group-wide training & awareness — Competency development initiatives are conducted across all tiers — Board, management and operational levels — to support effective oversight, coordination and implementation of sustainability and climate-related responsibilities.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.1 Corporate Governance (cont'd)

2.1.4 Board Oversight and Committees

At Coastal, the Board of Directors holds overall responsibility for overseeing the Group's governance, risk management, and long-term business resilience. This includes setting strategic direction, reviewing key operational and financial risks, and ensuring that the Group conducts its activities in a responsible, compliant, and ethical manner.

Sustainability governance at Coastal is integrated within the Group's overall governance and risk management framework, ensuring that sustainability- and climate-related risks and opportunities are considered alongside broader operational, financial, and strategic priorities. Given the nature of the Group's offshore support, shipbuilding, and marine operations, the Board recognises that sustainability considerations — including climate-related risks — form an integral part of its broader oversight of operational continuity, safety performance, regulatory compliance, and environmental responsibilities.

The Board is supported by established Committees with clearly defined mandates that enhance governance effectiveness, accountability, and independence of oversight.

- **Audit Committee** — Reviews financial reporting, internal control systems and risk management processes, including oversight of key risk-related matters.
- **Nomination Committee** — Oversees Board composition, succession planning, and assessment of directors' suitability, independence, and effectiveness.
- **Remuneration Committee** — Reviews and recommends remuneration frameworks to ensure alignment with performance, governance objectives, and long-term value creation.



Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.2 Data Privacy & Cybersecurity

2.2.1 The Group's Commitment, Monitoring and Management Approach

Data privacy and cybersecurity are material to Coastal, as the Group's operations increasingly rely on digital platforms, cloud-based collaboration tools and electronic communications across offices and project locations.

Weak IT controls or exposure to phishing threats may result in ransomware incidents, operational disruptions and recovery costs. Inadequate protection of client and commercial information may lead to legal liabilities and reputational damage, while insufficient backup and recovery preparedness could affect project delivery timelines and lead to the loss of valuable information.

To mitigate these risks, data protection and IT governance controls are embedded within Coastal's broader risk management framework and monitored alongside other enterprise risks.

Oversight is coordinated by Management, supported by the IT function and administrative personnel, with escalation channels to senior management where necessary.

Key controls include restricted file access, Multi-Factor Authentication (MFA), anti-virus protection, phishing email filtering tools, and defined incident reporting and investigation procedures.

Policies governing the use of information technology and personal data protection are documented within the Employee Handbook and supported by relevant Personal Data Protection regulations.

2.2.2 Initiatives, Performance Insights & Assurance

During FY2025, Coastal continued to strengthen cybersecurity resilience through awareness training, preventive safeguards and incident response readiness.

In October 2025, 13 Board members and 87 employees participated in Microsoft 365 training conducted by an external IT service provider. On 18 December 2025, Cybersecurity Awareness Training was conducted by the ESG Team to reinforce phishing awareness and safe digital practices.

Preventive safeguards include role-based access permissions, periodic access reviews, system updates, patch management and defined incident escalation procedures.

Throughout the reporting period, no complaints relating to data privacy or customer data were recorded, and no data breaches or regulatory notifications related to data protection were reported occurred.

These initiatives strengthen cybersecurity awareness, improve threat detection capabilities and support business continuity across the Group's operations.

2.3 Internal Controls and Regulatory Compliance

2.3.1 The Group's Commitment and Monitoring Approach

Internal controls and regulatory compliance are fundamental to safeguarding Coastal's financial integrity, operational reliability and corporate reputation.

Coastal adopts a structured governance and control framework to reduce regulatory exposure while strengthening reporting accuracy, audit readiness and operational discipline.

Oversight is led by the Board of Directors and supported primarily by the Audit Committee, with the Board Charter and Audit Committee Terms of Reference providing clear accountability over financial reporting integrity and internal control effectiveness.

Management is responsible for implementing approved policies, procedures and control measures across operational functions, while material risks are escalated through defined reporting channels for timely decision making.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.3 Internal Controls and Regulatory Compliance (cont'd)

2.3.1 The Group's Commitment and Monitoring Approach (cont'd)



Key governance instruments supporting compliance include:

- Board Charter
- Audit Committee Terms of Reference
- Nomination Committee Terms of Reference
- Remuneration Committee Terms of Reference
- Directors' Code of Conduct
- Anti Bribery and Corruption Policy
- Whistleblower Policy and Procedures
- Directors' Fit and Proper Policy
- Remuneration Policy and Procedures

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.3 Internal Controls and Regulatory Compliance (cont'd)

2.3.2 Initiatives, Performance Insights & Assurance

During FY2025, Coastal conducted its first Sustainability Committee meeting and training session on **28 May 2025**, marking the formal initiation of its Sustainability Framework development and materiality assessment process.

The session strengthened committee-level oversight, clarified governance responsibilities and supported integration of sustainability-related risks into Coastal's broader risk management framework.

Coastal continues to maintain an established Board and Committee governance structure supported by formally documented policies and procedures.

Oversight is exercised through Board and Audit Committee reviews in accordance with their respective Terms of Reference, ensuring continued relevance and effectiveness.

2.4 Anti-Corruption & Ethics

2.4.1 The Group's Commitment and Monitoring Approach

Anti-Corruption and Ethics are fundamental to Coastal's ability to operate responsibly within the industry.

Coastal adopts a zero-tolerance approach to corruption and embeds ethical conduct within its governance and risk management framework through the Anti-Bribery and Corruption Policy, whistleblowing mechanisms and contractual safeguards.

Oversight is supported by the Legal and Compliance function, with policies and amendments subject to Board-level approval.

Anti-corruption controls are embedded within procurement and contracting processes, including the use of compliance clauses and supplier screening measures

Performance oversight includes monitoring training participation, conducting corruption risk assessments and reviewing incident reporting.

2.4.2 Initiatives, Performance Insights & Assurance

In FY2025, anti-corruption training was conducted across all employee categories, and corruption-related risk assessments were completed across all operations.

No confirmed incidents of corruption were recorded during the reporting period.

Percentage of Employees Who Have Received Training on Anti-corruption by Employee Category			
	2023	2024	2025
Senior Management	100%	100%	100%
Executive	100%	100%	100%
Non-Executive	100%	100%	100%

Percentage of Operations Assessed for Corruption-related Risks			
	2023	2024	2025
Percentage of operations assessed for corruption-related risks	100%	100%	100%

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.4 Anti-Corruption & Ethics (cont'd)

2.4.2 Initiatives, Performance Insights & Assurance (cont'd)

Number of Confirmed Incidents of Corruption and Action Taken			
	2023	2024	2025
Number of confirmed incidents	0	0	0

These outcomes reflect the effectiveness of Coastal's preventive controls, monitoring mechanisms and ethical governance framework.

2.5 Sustainability-Related Risks and Opportunities (SRROs)

1) Description of Risks

Coastal's governance-related sustainability risks and opportunities are primarily associated with internal control effectiveness, regulatory compliance, ethical conduct, anti-corruption safeguards and cybersecurity resilience across its operations.

Transition Risks

- Transition risks arise from evolving regulatory expectations, including Bursa Malaysia listing requirements, IFRS sustainability disclosure standards and heightened stakeholder scrutiny.
- Weak internal financial and operational controls, which may result in reporting misstatements, audit findings, or erosion of investor confidence.
- Non-compliance with maritime, environmental, safety, or anti-corruption regulations, potentially leading to fines, licence suspension, or reputational damage.
- Inadequate anti-bribery controls or insufficient due diligence on intermediaries, exposing the Group to legal liabilities and tender debarment.
- Gaps in cybersecurity governance or data protection practices, increasing exposure to data breaches and operational disruption.

Operational and Digital Risks

Governance risks also arise from operational and digital vulnerabilities, including weak IT controls, limited phishing awareness, inadequate disaster recovery planning, and insufficient documentation and procedural discipline.

If not effectively managed, these risks may directly affect project continuity, cost structures, regulatory standing and long-term competitiveness.

2) Effects on Business Model and Value Chain

The identified governance-related risks and opportunities have upstream, operational and downstream implications across Coastal's value chain.

Upstream Exposure

- Suppliers, agents and intermediaries may present exposure to corruption, sanctions or regulatory non-compliance if due diligence and monitoring controls are insufficient.
- Weak cybersecurity practices among third-party vendors may also increase vulnerability to data breaches or unauthorised system access.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

Operational Impact

- Weak internal controls may result in reporting inaccuracies, audit findings and increased remediation costs.
- Cybersecurity incidents may disrupt project execution, delay deliverables and increase recovery expenses.
- Regulatory non-compliance may lead to work stoppages, financial penalties or additional compliance costs.

Downstream Exposure

- Clients increasingly incorporate ESG governance and compliance requirements into vendor qualification processes.
- Strong anti-corruption, cybersecurity and regulatory compliance frameworks enhance bid credibility, contract retention, investor confidence and access to ESG-sensitive financing.

By strengthening internal controls, ethical governance and digital resilience, Coastal mitigates disruption across its value chain.

3) Effects on Strategy and Decision-Making

Governance-related sustainability risks and opportunities directly influence capital allocation, risk appetite and strategic planning.

Investment in cybersecurity controls and digital awareness programmes reduces operational disruption and recovery costs, while strengthening anti-corruption controls enhances eligibility for compliance-sensitive and international clients.

Improved internal documentation and reporting processes support audit efficiency and regulatory compliance, reducing remediation and compliance costs. Embedding sustainability considerations into enterprise risk management processes further enhances regulatory readiness.

Coastal continues to prioritise the strengthening of internal control systems, proactive compliance monitoring, formalised anti-bribery and whistleblowing mechanisms, and integration of cybersecurity and operational continuity into governance oversight.

These measures support long-term value protection and organisational resilience.

4) Governance of Material Topic

Oversight of governance-related sustainability risks and opportunities is embedded within established Board and management structures.

- The Board and Sustainability Committee oversee ESG-related governance matters, including compliance, internal controls and risk management.
- The Legal and Compliance function oversees Anti-Bribery and Corruption policies, whistleblowing mechanisms and contractual safeguards.
- Internal controls and regulatory compliance are monitored through structured reporting channels.
- Cybersecurity and IT governance are coordinated across relevant operational and management functions.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

5) Potential Financial Implications

Time Horizon	Risk / Opportunity	Potential Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Short-term (0–2 years)	Cybersecurity breach or ransomware incident	Operational downtime, recovery costs, potential project delays and remediation expense	Increased perceived operational and technology risk	May weaken lender confidence if digital controls are perceived as insufficient
	Weak internal controls or reporting inaccuracies	Audit remediation costs, potential financial misstatements and operational disruption	Higher perceived governance risk by investors	Reduced confidence among financial institutions and stakeholders
	Regulatory non-compliance with maritime, environmental or safety requirements	Fines, sanctions, licence suspension or project stoppages affecting revenue continuity	Risk premium may increase due to regulatory exposure	May affect eligibility for contracts requiring strict compliance standards
Medium-term (2–5 years)	Corruption or ethical misconduct in procurement or contracting	Legal liabilities, reputational damage and potential loss of business opportunities	Higher governance risk perception affecting investment attractiveness	May limit participation in projects requiring strict anti-corruption compliance
	Weak cybersecurity governance and inadequate resilience planning	Repeated system disruptions and increased IT security investments	Higher operational risk perception	Reduced confidence among clients requiring secure data management
Long-term (5+ years)	Strong governance and compliance framework	Improved operational stability and reduced compliance-related financial losses	Lower governance risk perception among investors	Improved access to ESG-linked financing and institutional investors
	Robust anti-corruption culture and internal control systems	Increased eligibility for high-profile contracts and stronger revenue stability	Improved investor confidence	Greater attractiveness to lenders and clients prioritising strong governance practices
	Strengthened cybersecurity and digital governance	Reduced disruption costs and improved operational resilience	Lower technology-related risk perception	Enhanced credibility with clients and financiers requiring secure digital operations

The governance-related SRRO assessment indicates that unmanaged risks may lead to operational disruption, increased compliance costs, regulatory penalties and elevated risk perception among investors and lenders.

Conversely, strong governance, compliance and digital resilience frameworks may improve operational stability, strengthen investor confidence and support access to ESG-linked financing and strategic contract opportunities.

Sustainability Statement (cont'd.)

Chapter 2: Governance and Responsible Leadership (cont'd)

2.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

6) Resilience

Coastal enhances resilience through structured governance frameworks embedded within its enterprise risk management and compliance systems.

Anti-Bribery and Corruption policies, whistleblowing mechanisms and risk assessments reduce exposure to legal and reputational risks, while internal documentation controls and compliance monitoring strengthen audit readiness.

Cybersecurity awareness initiatives and digital governance safeguards reduce operational vulnerability, and Board and management oversight ensure sustainability risks are integrated into strategic decision-making.

By reinforcing governance discipline, regulatory preparedness and ethical culture, Coastal strengthens its ability to anticipate, manage and adapt to sustainability-related risks while capturing long-term value creation opportunities aligned with its business model.

Chapter 3: Building a Responsible Workforce and Thriving Communities

3.1 Workplace Diversity, Equity and Inclusion (GRI 405-1)

3.1.1 The Group's Commitment

At Coastal, people are central to the Group's operational excellence and long-term sustainability. Operating within the energy infrastructure and marine services sector, the Group recognises that a competent, responsible, and engaged workforce is essential to delivering safe and reliable operations.

Guided by established human resource practices, structured training initiatives, and a commitment to fair labour standards, Coastal strives to foster an inclusive and supportive workplace where employees are empowered to develop their capabilities while upholding integrity, professionalism, and mutual respect.

The Group is committed to promoting diversity, equity, and inclusion across its workforce by providing equal opportunities in recruitment, development, and career progression, and by maintaining a workplace environment free from discrimination and harassment.

In addition, the Group places emphasis on employee wellbeing, continuous learning, and workforce capability development to ensure resilience in a dynamic and operationally demanding industry environment.

Beyond its internal workforce, Coastal remains committed to creating positive social value within the communities where it operates through meaningful community partnerships, employee volunteerism, and targeted social initiatives.

By integrating responsible workforce practices with impactful community engagement, the Group aims to strengthen trust, promote shared prosperity and contribute to sustainable growth for both its people and the wider community.

3.1.2 Workforce Profile

Coastal is committed to fostering a capable, diverse and inclusive workforce that supports operational excellence, ethical business practices, and sustainable growth across its global operations.

The Group's workforce reflects talent from its subsidiaries in Malaysia, Singapore, and Mexico, encompassing management, technical, and operational roles that enable the delivery of reliable energy infrastructure and marine services.

The Group promotes fair employment practices and equal opportunities across all locations, while workforce movements, including recruitment and employee turnover, are monitored to support effective talent planning and organisational resilience.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.1 Workplace Diversity, Equity and Inclusion (GRI 405-1) (cont'd)

3.1.2 Workforce Profile (cont'd)

Through responsible workforce management and continuous talent development, Coastal aims to maintain a stable and adaptable workforce aligned with its long-term business and sustainability priorities.

Total Employees by Gender (Malaysia)	2025
Male	68.83%
Female	31.17%

Total Employees by Gender (Singapore)	2025
Male	60%
Female	40%

Percentage of Employees that are Contractors or Temporary Staff (Malaysia)	2025
Percentage of employees that are contractors or temporary staff	11%

Gender Diversity by Employee Category (Malaysia)				
		2023	2024	2025
Senior Management	Male	87%	86%	83%
	Female	13%	14%	17%
Management	Male	50%	45%	50%
	Female	50%	55%	50%
Others	Male	71%	76%	70%
	Female	29%	24%	30%

Age Diversity by Employee Category (Malaysia)				
		2023	2024	2025
Senior Management	Age <30	0.00%	0.00%	0%
	30< Age < 50	39.80%	28.57%	17%
	Age > 50	60.20%	71.43%	83%
Management	Age <30	0.00%	6.90%	0%
	30< Age < 50	27.80%	41.40%	33%
	Age > 50	72.20%	51.70%	67%
Others	Age <30	0.00%	1.84%	5%
	30< Age < 50	55.70%	53.21%	53%
	Age > 50	44.30%	44.95%	42%

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.1 Workplace Diversity, Equity and Inclusion (GRI 405-1) (cont'd)

3.1.2 Workforce Profile (cont'd)

Total number of employee turnover by employee category (Malaysia)			
	2023	2024	2025
Senior Management	1	0	1
Management	4	1	2
Executive	15	4	4
Non-Executive			2

Total percentage of employee turnover (Malaysia)		
2023	2024	2025
11.89%	2.66%	5.84%

3.2 Employee Training & Development

3.2.1 The Group's Commitment and Monitoring Approach

Coastal recognises employee training and development as a critical driver of operational reliability, workforce resilience and long-term value creation. Within the energy infrastructure and marine services environment, insufficient technical competency or leadership readiness may lead to operational errors, delays and increased project costs.

As such, continuous learning serves a dual purpose — mitigating operational risks while improving productivity and efficiency across the Group's operations.

Employee training and development are coordinated through the Human Resource function, supported by department heads and senior management across the Group's operations. Structured HR procedures guide onboarding, performance appraisal and competency development, ensuring that training initiatives remain aligned with operational requirements and strategic priorities.

Training needs are identified through performance reviews, regulatory developments and evolving operational demands, with participation and completion tracked through internal training records.

3.2.2 Initiatives, Performance Insights & Assurance

During FY2025, employees participated in a range of professional, technical, leadership and digital capability programmes covering regulatory updates, financial reporting standards, risk management, occupational safety, cybersecurity awareness and workplace technology.

These initiatives strengthen workforce competency, support succession planning and enhance readiness for emerging operational and technological demands.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.2 Employee Training & Development (cont'd)

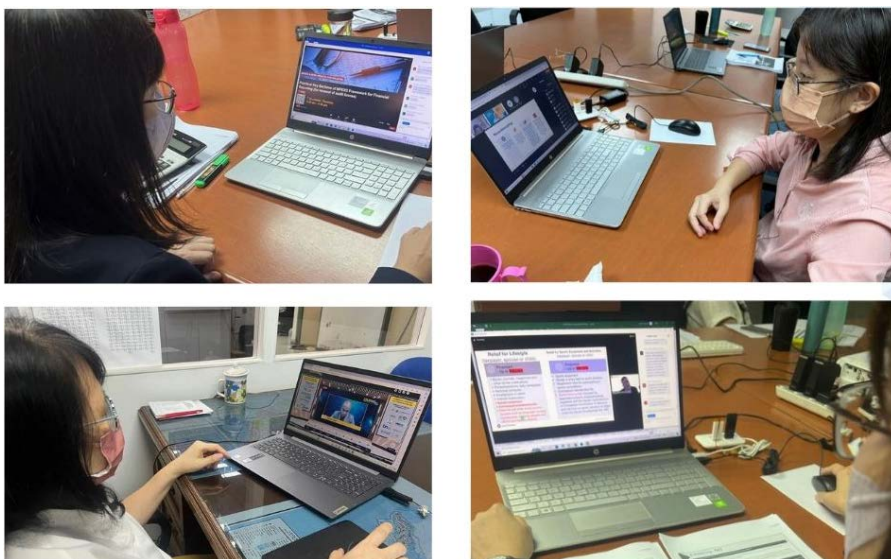
3.2.2 Initiatives, Performance Insights & Assurance (cont'd)

Opportunity: Strengthening technical, leadership and digital capabilities enhances productivity, supports innovation and improves the Group's ability to remain competitive in an increasingly technology-driven operating environment.



Employees participated in practical fire safety workshops designed to strengthen emergency response readiness.

The programme combined hands-on demonstrations with operational risk awareness, enhancing technical competency while reinforcing a strong workplace safety culture.



Employees participated in online training sessions and digital learning programmes as part of the Group's continuous professional development initiatives across its regional operations.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.2 Employee Training & Development (cont'd)

3.2.2 Initiatives, Performance Insights & Assurance (cont'd)

In FY2025, the Group recorded a total of 2,614 training hours across its operations, comprising 1,042 training hours in Malaysia, 36 training hours in Singapore and 1,536 training hours in Mexico.

Total Hours of Training by Employee Category (Malaysia)				
	Unit	2023*	2024*	2025
Senior Management	Hours	101	122	93
Management	Hours	221	238	287.50
Executive	Hours	301	575	424.50
Non-Executive	Hours			237

*Training hours reported for 2023 and 2024 include Malaysia and Singapore operations only, while 2025 training hours include Malaysia, Singapore and Mexico operations, reflecting an expanded reporting boundary.

Training data is compiled based on internal HR records, approved participation lists and supporting documentation maintained by the Human Resource department, providing internal assurance over training governance and data consistency.

3.3 Occupational Health & Safety

3.3.1 The Group's Commitment and Monitoring Approach

Coastal recognises occupational health and safety as fundamental to operational integrity, workforce protection and regulatory compliance. The nature of its operations — lifting activities, heavy fabrication, hazardous substances handling and vessel operations — requires structured hazard identification, disciplined execution and continuous monitoring.

The Group's Safety, Health and Environment (SHE) commitment is formalised through its Occupational Safety, Health and Environment (KKP) policy, aligned with the Occupational Safety and Health Act 1994 (Act 514) and other applicable regulations. OHS governance is embedded within a structured Health, Safety and Environment Management System (HSEMS), supported by Corporate, Division and Project-level HSE Committees.

Operational risk management follows a formal Hazard Identification, Risk Assessment and Risk Control (HIRARC) methodology, with dedicated procedures covering lifting operations, hazardous substances control and HSE start-up protocols for new projects. Employee health is further supported through medical surveillance, health examinations and drug and alcohol testing where applicable.

Through this integrated framework, the Group maintains structured oversight of workplace safety risks and reinforces its commitment to a zero-harm working environment.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.3 Occupational Health & Safety (cont'd)

3.3.1 The Group's Commitment and Monitoring Approach (cont'd)

HSE GOVERNANCE PYRAMID

Coastal's HSE governance is structured across four levels to ensure clear accountability, effective oversight, and consistent execution.

<p>LEVEL 1</p>  <p>Board & Top Management</p>	<p>Top (Level 1) – Board & Top Management</p> <p>Provides leadership and strategic direction for HSE, ensuring policies, resources, and oversight are in place to manage risks and drive performance.</p>	<ul style="list-style-type: none"> • Management Review of HSEMS • Policy Commitment (KKP Policy) • Strategic oversight
<p>LEVEL 2</p>  <p>Corporate HSE Governance</p>	<p>Level 2 – Corporate HSE Governance</p> <p>Establishes governance frameworks and ensures compliance with legal requirements and corporate standards.</p>	<ul style="list-style-type: none"> • Corporate HSE Committee • Legal compliance (OSHA 1994) • Annual performance review
<p>LEVEL 3</p>  <p>Operational Control</p>	<p>Level 3 – Operational Control</p> <p>Implements and monitors key HSE processes and controls to manage operational risks and ensure workplace safety.</p>	<ul style="list-style-type: none"> • HIRARC Process • Incident Investigation • Lifting Management • Hazardous Substances Control • Health Programme (Medical & Drug Testing)
<p>LEVEL 4</p>  <p>Site-Level Execution</p>	<p>Level 4 – Site-Level Execution</p> <p>Drives day-to-day HSE activities at site level, ensuring adherence to procedures and active worker engagement.</p>	<ul style="list-style-type: none"> • Toolbox Meetings • Permit-to-Work • Safety Inspections • Worker Participation



This four-tier structure ensures that HSE responsibilities are clearly defined and embedded at every level of the organisation, supporting a safe, compliant, and sustainable working environment.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.3 Occupational Health & Safety (cont'd)

3.3.2 Initiatives, Performance Insights & Assurance

During FY2025, the Group maintained its commitment to occupational health and safety through structured risk management, regulatory compliance and continuous performance monitoring across its operations.

Key safety indicators are tracked to evaluate the effectiveness of preventive controls and workplace safety measures.

In addition, safety awareness and training initiatives support hazard identification and safe work practices, reinforcing a proactive safety culture.

Number of employees and contractors trained on health and safety standards			
	2023*	2024*	2025
Number of employees trained on health and safety standards	123	157	419
Total training hours	50	288	1,653
Average training hours per person	16.66	5.23	15.38

*Training hours reported for 2023 and 2024 include Malaysia and Singapore operations only, while 2025 training hours include Malaysia, Singapore and Mexico operations, reflecting an expanded reporting boundary.

OSH Performance			
	2023	2024	2025
Number of work-related fatalities	0	0	0
Lost time incident rate	0	0	0

The integration of hazard management practices, lifting control procedures, medical surveillance and formal incident reporting mechanisms demonstrates a structured safety governance framework.

The achievement of zero fatalities and zero lost time incidents during the reporting period reflects the effectiveness of the Group's preventive controls and commitment to maintaining a safe and healthy working environment.

Occupational health and safety data is compiled from structured internal documentation, including incident reporting and investigation records, HSE Committee meeting minutes, Hazard Identification and Risk Assessment (HIRARC) documentation, occupational health programme records and periodic management review reports.

These established procedures provide formal controls over data recording, review and escalation processes, supporting the accuracy, completeness and consistency of reported safety performance information.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.4 Ethical Labour Practices

3.4.1 The Group's Commitment and Monitoring Approach

Coastal recognises that ethical labour practices are fundamental to operational continuity, regulatory compliance and long-term stakeholder trust. In the energy related service industry, labour non-compliance — including excessive overtime, unfair employment terms or inadequate contractor oversight — may result in legal liabilities, financial penalties and reputational damage.

The Group is committed to fair, transparent and merit-based employment practices across Malaysia, Singapore and its overseas subsidiaries. Ethical labour governance is overseen by the Human Resource function with senior management oversight, encompassing structured processes for recruitment, onboarding, performance management, grievance handling and disciplinary procedures to ensure consistency, fairness and compliance across all operations.

	Fair Recruitment	<ul style="list-style-type: none"> • Merit-based hiring • Equal opportunity practices • Structured selection criteria
	Structured Onboarding	<ul style="list-style-type: none"> • Clear employment terms • Defined roles, authorities, and responsibilities • Code of conduct acknowledgement
	Attendance & Overtime Control	<ul style="list-style-type: none"> • Defined working hours • Overtime approval process • Absence reporting system
	Grievance Mechanism	<ul style="list-style-type: none"> • Confidential reporting channels • Structured review processes • Documented resolution procedures
	Disciplinary & Appeal Framework	<ul style="list-style-type: none"> • Investigation & hearing processes • Documented decision-making processes • Multi-level appeal mechanism
	Management Oversight & Review	<ul style="list-style-type: none"> • HR record maintenance • Periodic internal review • Continuous improvement practices

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.4 Ethical Labour Practices (cont'd)

3.4.1 The Group's Commitment and Monitoring Approach (cont'd)

Performance and compliance are monitored through:

- Tracking of substantiated complaints and grievances
- Monitoring of discrimination or misconduct incidents
- Maintenance and periodic review of HR personnel records and disciplinary documentation
- Attendance and overtime monitoring through established reporting systems

3.4.2 Initiatives, Performance Insights & Assurance

The Group applies a structured, merit-based recruitment framework to ensure fairness, objectivity and equal opportunity across all hiring processes. Selection criteria are clearly defined, documented and consistently applied to support transparent and unbiased decision-making.

The Group also maintains a formal disciplinary and appeal framework to ensure that any alleged misconduct is investigated thoroughly and managed through documented decision-making processes.

Attendance and overtime governance is supported through clear policies governing standard working hours, overtime eligibility and advance approval requirements, ensuring compliance with applicable labour laws while safeguarding employee wellbeing.

Ethical labour practices are further reinforced through a structured employee benefits framework designed to promote workforce wellbeing, financial security and long-term engagement.

During FY2025, the Group maintained a strong record in upholding ethical labour standards across its operations. This reflects the effectiveness of established recruitment controls, documented workplace conduct standards, grievance reporting channels and disciplinary oversight.

Performance Indicators

	2023	2024	2025
Number of substantiated complaints concerning human rights violations	0	0	0
Number of incidents of discrimination	0	0	0

Maintaining a zero-case record reflects the strength of preventive frameworks embedded within recruitment, attendance monitoring and disciplinary procedures.

Effective labour governance reduces exposure to regulatory sanctions and reputational scrutiny, while strengthening workforce stability and uninterrupted project delivery.

Labour-related data is compiled from HR personnel records, attendance documentation, disciplinary files and grievance registers maintained by the Human Resource department, providing internal assurance over data accuracy, completeness and reporting consistency.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.5 Societal & Communal Impacts

3.5.1 The Group's Commitment and Monitoring Approach

As a marine and energy-related service provider operating across multiple jurisdictions, Coastal recognises that operational activities may have direct and indirect impacts on surrounding communities. Noise, traffic movement, lighting and site activities may create community concerns if not properly managed, while insufficient stakeholder engagement may lead to misunderstandings regarding project impacts.

The Group therefore adopts a proactive approach to community engagement and social investment. This approach serves a dual purpose — mitigating community-related operational risks while strengthening long-term stakeholder trust.

By promoting transparent engagement, supporting local communities and environmental initiatives, the Group seeks to enhance both its social licence to operate and operational resilience across its area of operation.

Community engagement and CSR activities are coordinated at operational level, with oversight from Group management. Community-related considerations are incorporated into operational planning, stakeholder engagement processes and sustainability initiatives to ensure that potential impacts are appropriately managed and addressed.

Performance is monitored through measurable indicators including:

- Total community investment value
- Number of CSR activities conducted
- Total beneficiaries reached
- Employee volunteer hours

Data is compiled from financial disbursement records, CSR documentation and internally maintained volunteer tracking records. This structured approach enables management to assess the scale and effectiveness of community initiatives, identify areas for improvement and ensure alignment with broader sustainability and operational objectives.

3.5.2 Initiatives, Performance Insights & Assurance

During FY2025, the Group implemented environmental and community welfare initiatives across Malaysia and Mexico, including participation of reforestation efforts in Mexico, beach clean-ups in Pasir Puteh Sandakan, and marine biodiversity conservation programmes in collaboration with the Yepetz Foundation.

Key activities included tree planting, waste collection, environmental awareness talks, turtle conservation programmes, welfare outreach for elderly residents and children with disabilities, and financial contributions to support local community organisations.

These initiatives contribute to pollution reduction, ecosystem restoration, social inclusion and stronger collaboration with local authorities, NGOs and community partners.

Employee volunteerism also remained strong, with employees contributing a total of **212 volunteer hours across 23 CSR activities** during FY2025. This reinforces a culture of responsible corporate citizenship while amplifying community impact through direct employee participation.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.5 Societal & Communal Impacts (cont'd)

3.5.2 Initiatives, Performance Insights & Assurance (cont'd)



Community Investment Performance			
	2023	2024	2025
Total amount invested where target beneficiaries are external to Coastal (RM)	5,215,600	1,597,116.49	4,758,546.74
Total number of beneficiaries of community investment	2,900	3,045	11,425

The significant increase in beneficiaries reached in FY2025 demonstrates the breadth and inclusivity of the Group's community engagement initiatives.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.5 Societal & Communal Impacts (cont'd)

3.5.2 Initiatives, Performance Insights & Assurance (cont'd)

Structured community investment supports relationship-building, strengthens stakeholder confidence and mitigates the risk of dissatisfaction arising from operational impacts such as traffic, noise or site activities.

By fostering transparency and delivering measurable community benefits, the Group enhances its social licence to operate and supports long-term project continuity and expansion potential.



Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.6 Sustainability-Related Risks and Opportunities (SRROs)

1) Description of Risks

The Group's sustainability-related risks and opportunities are primarily associated with workforce management, occupational safety, labour governance and community engagement within its gas processing, offshore support, and shipbuilding and ship repair operations.

Transition Risks

Transition risks arise from evolving regulatory requirements, stakeholder expectations and ESG-related compliance standards. These include:

- Non-compliance with Occupational Safety and Health (OSH) regulations, potentially resulting in prohibition notices, shutdowns or financial penalties.
- Inadequate labour governance or contractor oversight, which may subject the Group to regulatory scrutiny, legal liabilities or reputational damage.
- Increasing ESG expectations from international clients, particularly relating to labour practices, safety standards and community impact.

Physical and Operational Risks

Operational risks are inherent in shipbuilding and heavy engineering environments which include:

- Inadequate controls for high-risk activities such as lifting, working at height, welding, and entry into confined spaces, potentially resulting in serious injury or fatality.
- Poor safety culture or insufficient training, leading to productivity losses, rework and operational disruption.
- Community-related impacts such as noise, traffic, and lighting, which may generate complaints and regulatory pressure if not properly managed.

These risks may affect project continuity, cost structures and long-term competitiveness if not effectively managed.

2) Effects on Business Model and Value Chain

The identified risks and opportunities have both upstream and downstream implications across the Group's value chain.

Upstream Exposure

- Third-party labour contractors may introduce risks related to wages, recruitment practices, or working conditions.
- Suppliers and subcontractors operating in high-risk environments may influence overall project safety performance.

Operational Impact

- Safety incidents may lead to work stoppages, compensation costs and increased insurance premiums.
- Insufficient workforce training may result in rework, cost overruns and project delays.
- Poor labour governance may increase employee turnover and recruitment costs.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.6 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

Downstream Exposure

- Clients increasingly incorporate ESG criteria into vendor selection processes.
- Strong safety and labour standards enhance bid credibility and contract retention.
- Community dissatisfaction may delay permit approvals or restrict operational expansion.

By proactively addressing workforce capability, safety governance, and community engagement, the Group mitigates disruptions across its operational and commercial value chain.

3) Effects on Strategy and Decision-Making

Sustainability-related risks and opportunities directly influence the Group's capital allocation, operational planning, and governance priorities.

- Investment in structured training programmes supports productivity improvement and reduces rework-related costs.
- Strengthening HSE governance frameworks supports compliance discipline and operational continuity.
- Structured community engagement reduces permit approval delays and strengthens social licence to operate.
- Labour governance controls mitigate legal liabilities and protect long-term reputational value.

Strategically, the Group prioritises:

- Continuous improvement in safety management systems.
- Structured workforce development and capability planning.
- Formalised HR governance and contractor oversight.
- Targeted CSR and community engagement initiatives.

These measures support operational stability and enhance long-term value preservation.

4) Governance of Material Topic

Oversight of sustainability-related risks and opportunities is embedded within established governance structures:

- Occupational Health & Safety matters are governed through the HSE Management System and multi-tier HSE Committee structure.
- Ethical labour practices are overseen by the Human Resource function through structured recruitment, disciplinary, and grievance processes.
- Training and development initiatives are coordinated by HR and monitored through performance appraisal and competency tracking processes.
- Community engagement and CSR activities are coordinated operationally with oversight from the Group management.

Performance data is consolidated internally and reviewed periodically, supporting structured reporting to senior management and reinforcing accountability across operational levels.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.6 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

5) Potential Financial Implications

Time Horizon	Risk / Opportunity	Potential Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Short-term (0–2 years)	High-risk operational incidents (safety failures)	Project stoppages, compensation costs, insurance claims	Higher insurance premiums	Negative ESG screening impact
	Poor safety culture leading to frequent minor incidents	Productivity loss, rework costs	Increased operational risk perception	Reduced client confidence
	Excessive overtime / labour non-compliance	Legal penalties, operational disruption	Regulatory exposure increases risk profile	Heightened scrutiny by ESG investors
	Community complaints from noise/traffic	Operational restrictions or delays	Higher compliance cost	Permitting challenges
Medium-term (2–5 years)	Contractor governance failures	Fines, reputational damage, contract loss	Risk premium adjustment	Reduced access to ESG-linked contracts
	Weak leadership succession	Business continuity risk	Perceived management risk	Lower investor confidence
	Lack of structured community engagement	Delays in approvals or renewals	Operational uncertainty	Reduced stakeholder trust
Long-term (5+ years)	Skill gaps and misalignment with digitalisation and automation	Loss of competitiveness, margin compression	Strategic risk exposure	Improved stakeholder confidence
	Strong safety and labour performance	Stable operations, improved productivity	Lower risk perception	Enhanced eligibility for ESG-linked financing
	Structured CSR and local engagement	Stronger social licence to operate	Improved stakeholder confidence	Improved reputation with institutional investors

Short Term Opportunities:

- Strong safety performance reduces operational disruption, compensation exposure and insurance-related costs while protecting operational continuity.
- Structured technical training improves productivity, reduces rework and enhances cost efficiency in ongoing projects.
- Effective labour governance mitigates regulatory and legal risk, supports workforce stability and reduces turnover-related costs.
- Proactive community engagement mitigates complaints and supports smoother permit approval processes and operational continuity.

Long Term Opportunities:

- Development of future-ready skills strengthens competitiveness and supports long-term margin resilience.
- Strong ESG positioning enhances credibility with international and ESG-focused clients, supporting contract opportunities and market competitiveness.
- Sustained social licence to operate reduces resistance to expansion and supports long-term business continuity.
- Leadership development and succession planning enhance organisational resilience and sustainable growth.

Sustainability Statement (cont'd.)

Chapter 3: Building a Responsible Workforce and Thriving Communities (cont'd)

3.6 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

6) Resilience

The Group enhances resilience through structured governance mechanisms embedded across operational, human capital and community management systems.

- Formal HSE procedures, hazard identification, and incident reporting frameworks reduce exposure to operational safety risks.
- Structured HR governance, grievance mechanisms, and disciplinary processes mitigate labour-related legal and reputational risks.
- Continuous training programmes strengthen workforce capability and reduce operational errors.
- Community engagement initiatives build trust and reduce resistance to operational expansion.
- Periodic management reviews and internal documentation controls support oversight and continuous improvement.

By integrating governance controls, operational discipline and stakeholder engagement, the Group strengthens its ability to anticipate, manage and adapt to sustainability-related risks while capturing long-term opportunities aligned with its business model, strategic objectives and operations.

Chapter 4: Environmental Performance in Marine and Industrial Operations

4.1 Energy, Water and Waste Management

4.1.1 The Group's Commitment and Monitoring Approach

Coastal recognises energy, water and waste management as key components of environmental stewardship and operational resilience within the industry. Given the nature of shipbuilding, vessel repair, offshore support services and energy infrastructure operations, effective management of utilities and waste streams is essential to maintaining cost efficiency, regulatory compliance and responsible environmental performance.

Water consumption arises across offices, shipyard operations and international sites, particularly within fabrication, maintenance and operational support activities. Waste generated from the Group's operations includes both hazardous and non-hazardous waste streams, requiring structured segregation, storage and disposal practices in accordance with applicable environmental requirements.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.1 Energy, Water and Waste Management (cont'd)

4.1.1 The Group's Commitment and Monitoring Approach (cont'd)

The Group monitors water consumption through utility records and site-level reporting across its operational locations, including Singapore, Sandakan, Kota Kinabalu, and Mexico. Waste data is similarly consolidated across business locations to improve visibility into waste generation, recovery and disposal pathways. This structured monitoring approach supports operational oversight and enables the Group to identify opportunities for resource efficiency improvements.

This structured monitoring approach supports environmental oversight and regulatory compliance, while enabling the Group to identify opportunities for resource efficiency and operational sustainability.

4.1.2 Initiatives, Performance Insights & Assurance

Water Consumption Performance (FY2025)

During FY2025, the Group recorded a total water consumption of 22,412.00 m³ across its operational sites.

Water usage was primarily driven by the Sandakan shipyard and the Group's Mexico operations, reflecting the resource demands associated with marine engineering, fabrication support and operational site activities.

Location / Site	Total Water Usage (m ³)
Kota Kinabalu Office	63.29
Mexico – Papán	5,481.00
Mexico – Perdiz	3,134.85
Sandakan Shipyard	13,183.51
Sandakan HQ Office	488.43
Singapore	60.92
Group Total	22,412.00

The Sandakan shipyard remained the largest contributor, accounting for approximately 58.8% of total water consumption, followed by the Mexico operational sites. The distribution reflects the intensity of fabrication and operational activities compared to administrative facilities.

Waste Generation Performance

For FY2025, the Group recorded a total waste generation of 3,559.32 kg across its overall operations. Hazardous waste generation was concentrated at Sandakan (334.00 kg) and the Mexico operations (98.68 kg). All hazardous waste at Mexico was directed to disposal in accordance with local regulatory requirements, while hazardous waste at Sandakan HQ was fully diverted from disposal through recovery practices, reflecting initial efforts towards responsible waste handling.

Non-hazardous waste constituted the majority of the Group's total waste (3,126.64 kg), with significant volumes recorded at Sandakan (2,277.58 kg) and Singapore (803.70 kg). While Sandakan HQ achieved notable recovery of non-hazardous waste (511.65 kg), recycling efforts in Singapore remained limited (86.00 kg), and no recovery was observed in Mexico.

Overall, the Group's waste profile reflects an early stage of circularity adoption, with recovery practices implemented in selected locations but not yet consistently implemented across all operations. This highlights opportunities to strengthen waste segregation practices, increase recovery and recycling rates, and improve resource efficiency across operational sites.

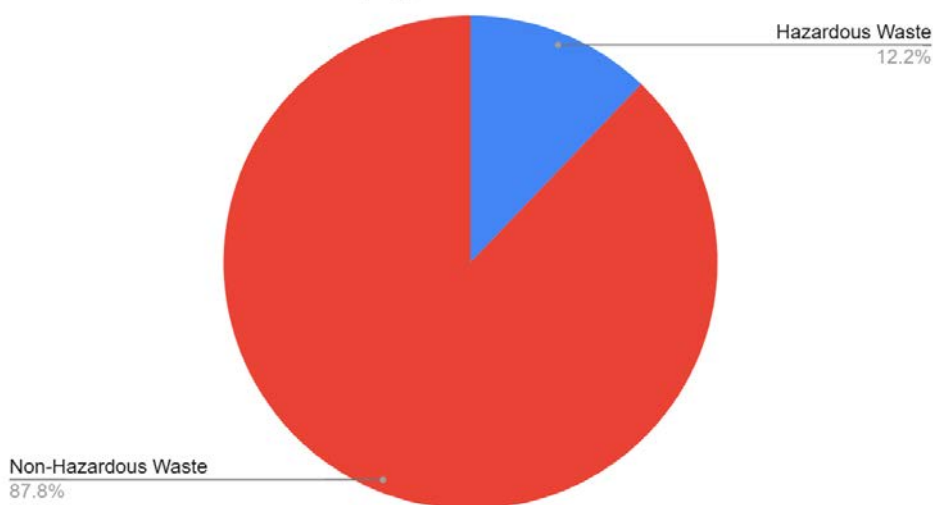
Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.1 Energy, Water and Waste Management (cont'd)

4.1.2 Initiatives, Performance Insights & Assurance (cont'd)

Total Waste Generation (kg)



Type of Waste	Data Point (Mandatory)	FY2025 (kg)		
		Sandakan	Mexico	Singapore
Hazardous Waste (Scheduled Waste – follow DOE code)	Diverted to Disposal (Landfilling, Incineration without energy recovery)	0.00	98.68	0.00
	Diverted away from Disposal (Recycle, Recover, Incineration with energy recovery)	334.00	0.00	0.00
Non-Hazardous Waste (Municipal Solid Waste, General Waste, Office waste)	Diverted to Disposal (Landfilling, Incineration without energy recovery)	1,765.93	45.36	717.70
	Diverted away from Disposal (Recycle, Recover, Incineration with energy recovery)	511.65	0.00	86.00
TOTAL		2,611.58	144.04	803.70
GROUP TOTAL		3,559.32		

The Group continues to strengthen waste segregation, recovery and disposal monitoring practices across its sites, particularly within shipyard and offshore operational environments where responsible waste handling is essential to regulatory compliance and environmental protection.

This monitoring framework supports better visibility into resource usage patterns and waste streams, enabling the Group to progressively strengthen efficiency initiatives and environmental controls across its operations.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.1 Energy, Water and Waste Management (cont'd)

4.1.2 Initiatives, Performance Insights & Assurance (cont'd)

Energy Consumption Performance

The Group's energy consumption profile for FY2025 is dominated by non-renewable energy sources, primarily driven by natural gas usage within its Mexico operations. Total energy consumption amounted to 8,473,072.81 GJ, of which the vast majority is attributed to natural gas, reflecting the energy-intensive nature of industrial and process-related activities at this location.

Fuel consumption from petrol and diesel represents a comparatively smaller portion of the Group's total energy use, although it remains relevant across operational sites such as Sandakan Shipyards and Sandakan HQ, where fuel is utilised for equipment and transportation. Electricity consumption accounts for a modest share of the overall energy mix and is primarily associated with operational facilities and office-based activities, with higher usage observed at Sandakan Shipyards and Mexico.

The distribution of energy consumption highlights a clear distinction between high-intensity operational sites and lower-intensity administrative locations. While office-based locations such as Singapore, Labuan, and Kota Kinabalu contribute minimally to total energy consumption, they exhibit more stable and predictable usage patterns. In contrast, operational sites demonstrate significantly higher and more variable energy demands, closely linked to production and operational activities.

Energy Source	Energy Consumption (GJ)
Purchased Electricity	4,132.13
Solar Energy Generated (Renewable, On-Site)	0
Non-Renewable Energy (Fuels + Gas)	8,468,940.68
Total Energy Consumption	8,473,072.81

4.2 Carbon Accounting and Climate Change

4.2.1 The Group's Commitment and Monitoring Approach

Coastal recognises carbon accounting and climate change as a material topic given the nature of its gas processing, offshore support, and shipbuilding and ship repair operations. Within the energy infrastructure and marine services industry, operational activities such as stationary combustion, the operation of fixed and mobile equipment, vessel and operational fuel consumption, and purchased electricity may contribute significantly to greenhouse gas ("GHG") emissions and climate-related exposure.

The Group therefore adopts a structured carbon accounting approach to strengthen emissions visibility, improve climate-related disclosure readiness and support long-term resilience against evolving regulatory, client and investor expectations. GHG emissions are monitored across Scope 1, Scope 2 and selected Scope 3 categories, covering direct operational emissions, purchased electricity and indirect emissions arising from business travel and employee commuting. This monitoring framework supports the establishment of a credible emissions baseline and enables the Group to progressively strengthen climate-related risk management, operational oversight and reporting transparency.

4.2.2 Initiatives, Performance Insights & Assurance

During FY2025, the Group recorded total GHG emissions of **569,815.00 tCO₂e**, comprising direct and indirect emissions across its operations in Malaysia, Singapore and Mexico.

For organisational boundary setting, the Group has adopted the **equity share approach** as defined under the GHG Protocol. Facility-level emissions are accounted for in proportion to the Group's equity interest in each facility.

Sustainability Statement (cont'd.)

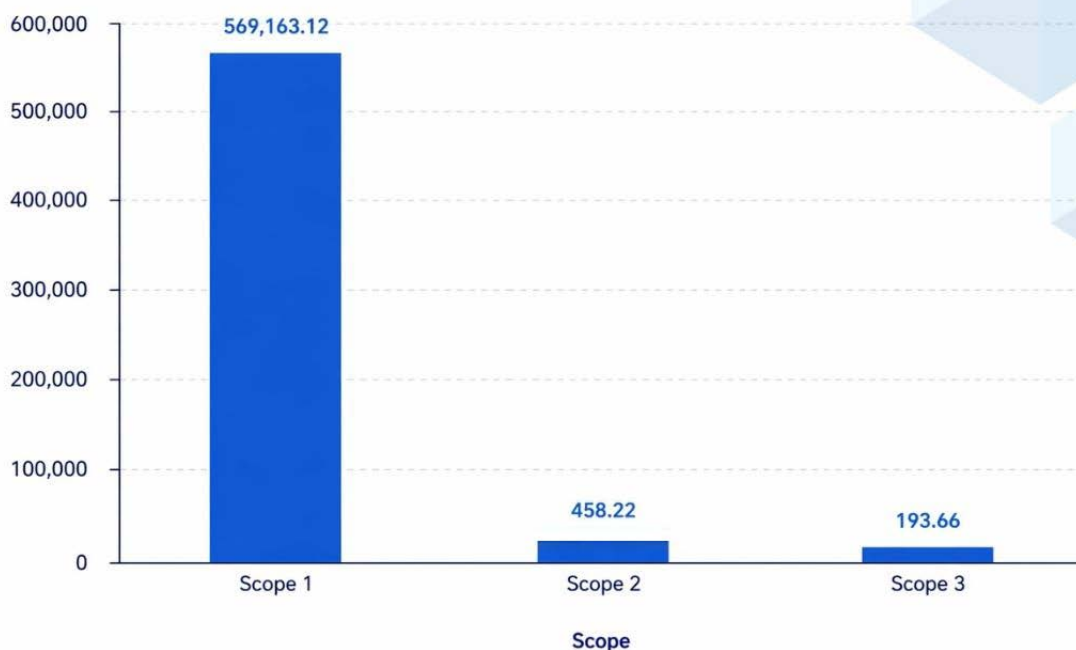
Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.2 Carbon Accounting and Climate Change (cont'd)

4.2.2 Initiatives, Performance Insights & Assurance (cont'd)

Scope	Sources	Emissions (tCO ₂ e)
Scope 1	Stationary Combustion	491,552.16
	Mobile Combustion	234.47
	Fugitive Emissions	77,376.50
	Total Scope 1	569,163.12
Scope 2	Purchased Electricity	458.22
	Total Scope 2 (Location-based method)	458.22
Scope 3	Business Travel	60.30
	Employee Commute	133.36
	Total Scope 3	193.66
Grand Total		569,815.00

Emissions (tCO₂e)



The Group's emissions profile remains predominantly driven by Scope 1 emissions, which represent substantially all reported emissions for the reporting period. This reflects the carbon-intensive nature of the shipbuilding, marine engineering and energy-related operations, where direct fuel combustion, stationary equipment usage and operation-related emissions form a significant part of the operational footprint.

Scope 2 emissions arise from purchased electricity consumed across the Group's offices, shipyard facilities and international operational sites, while Scope 3 emissions primarily comprise business travel and employee commuting.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.2 Carbon Accounting and Climate Change (cont'd)

4.2.2 Initiatives, Performance Insights & Assurance (cont'd)

The establishment of this emissions baseline strengthens the Group's ability to monitor climate-related risks, identify future decarbonisation opportunities and improve disclosure transparency. In light of the evolving climate-related expectations within the marine and offshore industry, continued emissions monitoring remains important in supporting operational resilience, regulatory readiness and long-term stakeholder confidence.

4.3 Marine & Coastal Ecosystem Protection

4.3.1 The Group's Commitment and Monitoring Approach

As a Group operating within the shipbuilding, marine engineering and energy-related services industry, Coastal recognises that its operations may directly interface with marine and coastal environments through vessel activities, shipyard operations, offshore support services and coastal site presence. Protecting marine biodiversity, coastal water quality and surrounding ecosystems is therefore important to maintaining regulatory compliance, operational continuity and stakeholder trust.

The Group adopts a preventive monitoring approach focused on key environmental indicators relevant to the industry, including accidental spills, discharge-related incidents, marine pollution observations, waste leakage and ecosystem-related complaints. Monitoring these indicators allows the Group to identify potential environmental risks and respond appropriately where necessary. These monitoring practices will continue to be strengthened in future reporting periods to support long-term environmental stewardship.

4.3.2 Initiatives, Performance Insights & Assurance

Given the nature of the Group's operations, effective protection of marine and coastal ecosystems remains important. Incidents such as spills, leakages or operational discharges may result in regulatory exposure, reputational risk and disruption to operations.

To strengthen environmental oversight, the Group established a KPI-based monitoring mechanism covering key environmental indicators. These include the number of spill incidents, marine environmental non-compliance cases, coastal clean-up or conservation initiatives, and ecosystem-related stakeholder complaints. These monitoring efforts improve visibility over environmental performance and support continuous improvement in marine and coastal ecosystem protection.

KPI Category	Indicator	Unit	FY2025 Approach
Environmental Incidents	Number of marine spills / pollution incidents	No.	Tracking in place
Compliance	Number of environmental non-compliance cases / fines	No.	Tracking in place
Wastewater Management	Volume of wastewater discharged	m ³	Tracking in place
Waste Management	Scheduled waste generated (marine-related)	MT	Baseline tracking in place since FY2025

The establishment of these indicators represents an initial step towards structured environmental performance monitoring.

4.4 Circular Economy & Resource Efficiency

4.4.1 The Group's Commitment and Monitoring Approach

Coastal recognises circular economy and resource efficiency as important considerations, where operations involve significant use of steel, fabrication materials, mechanical components, lubricants, packaging materials and operational consumables. Efficient use of these resources supports cost optimisation, waste minimisation and improved environmental performance across shipyard and offshore activities.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.4 Circular Economy & Resource Efficiency (cont'd)

4.4.1 The Group's Commitment and Monitoring Approach (cont'd)

The Group adopts a practical resource efficiency approach focused on monitoring material usage, waste segregation, reuse opportunities, recycling initiatives and disposal-related waste across its operational sites. These indicators will continue to be strengthened in upcoming reporting periods to support responsible resource management and long-term operational resilience.

4.4.2 Initiatives, Performance Insights & Assurance

Resource efficiency is particularly important due to the material-intensive nature of fabrication, repair and maintenance activities, where effective reuse and recovery of materials may reduce waste generation and improve cost efficiency. The effective reuse and recovery of materials can lead to reduce waste generation, improve resource utilisation and support cost efficiency across operational sites and activities.

To strengthen resource management oversight, the Group will established KPI-based monitoring mechanism covering key indicators. These include material recovery and reuse rates, recyclable waste volumes, hazardous waste segregation efficiency, and waste diverted away from disposal. Monitoring these indicators will improve visibility into resource utilisation and support continuous improvement in circular economy practices.

KPI Category	Indicator	Unit	FY2025 Approach
Waste Generation	Total waste generated	MT	Baseline tracking in place since FY2025
Recycling	Total waste recycled	MT	Baseline tracking started in FY2025
Circularity	Recycling rate	%	To start in FY2026
Materials Efficiency	Scrap metal recovered	MT	To start in FY2026

4.5 Sustainability-Related Risks and Opportunities (SRROs)

1) Description of Risks

Coastal's environmental risks arise from the energy-intensive, water-dependent and waste-generating nature of its gas processing, offshore support, and shipbuilding and ship repair operations. Key exposures include fuel and electricity cost volatility, evolving climate disclosure requirements, water usage and waste management obligations, and the risk of spills or discharge incidents affecting marine and coastal ecosystems. If not effectively managed, these exposures may increase operating costs, attract regulatory penalties and damage stakeholder trust.

2) Effects on Business Model and Value Chain

The identified environmental risks and opportunities may influence the Group's value chain across upstream resource inputs, operational execution and downstream stakeholder expectations.

Upstream Exposure

The Group depends on reliable access to fuel, electricity, water and operational materials to support operational site, shipyard, offshore and marine engineering activities. Rising utility costs or environmental compliance requirements may affect supplier costs and overall operational expenditure.

Operational Impact

Environmental inefficiencies, excessive resource usage or environmental incidents may lead to higher operating costs, regulatory penalties, clean-up expenses and temporary disruption to shipyard and offshore activities.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

2) Effects on Business Model and Value Chain (cont'd)

Downstream Exposure

Clients, regulators and financiers within the energy industry are increasingly attentive to environmental performance, climate disclosures and responsible marine operations. Strong environmental controls may enhance client confidence and contract competitiveness, while incidents may negatively affect reputation and market positioning.

3) Effects on Strategy and Decision-Making

Environmental risks and opportunities directly influence the Group's operational planning, cost management and long-term sustainability priorities.

Strategically, the Group prioritises:

- strengthening emissions monitoring and climate-related transparency
- improving water and waste management controls
- enhancing marine and coastal ecosystem protection practices
- improving resource efficiency across shipyard and offshore operations
- strengthening environmental compliance and incident prevention measures

These initiatives support cost efficiency, regulatory readiness and long-term operational resilience.

4) Governance of Material Topic

Oversight of environmental sustainability risks and opportunities is integrated into the Group's operational management, environmental monitoring and site-level control processes.

Energy consumption, emissions, water usage, waste generation and environmental incident indicators are monitored internally to support management review, regulatory compliance and the identification of improvement opportunities across operational sites.

Environmental performance data is periodically reviewed to strengthen accountability, risk mitigation and continuous improvement.

5) Potential Financial Implications

Time Horizon	Risk / Opportunity	Potential Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Short-term (0–2 years)	Rising fuel & electricity costs	Increased operating expenditure across shipyard and offshore sites	Higher cost base increases operational risk perception	Minimal near-term impact; cost control expected by investors
	Waste handling incidents or non-compliance	Clean-up costs, regulatory penalties and operational disruption	Incident frequency raises risk premium	Negative ESG screening impact from compliance failures
	Marine environmental incidents (spills, discharge)	Remediation costs, licence suspension and reputational damage	Higher insurance premiums and compliance costs	Reduced client and financier confidence in ESG performance

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

5) Potential Financial Implications (cont'd)

Time Horizon	Risk / Opportunity	Potential Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Medium-term (2–5 years)	Carbon pricing or emissions regulations	Increased operating costs from carbon levies or compliance obligations	Risk premium adjustment for carbon-exposed assets	Reduced access to green or ESG-linked financing
	Water tariff increases	Higher utility costs affecting operational cost structure	Marginal impact; manageable through efficiency measures	Limited direct impact on financing terms
	Stricter marine environmental compliance	Additional capital investment required for compliance upgrades	Capex requirements may pressure short-term returns	Non-compliance risk may affect contract eligibility with regulated clients
Long-term (5+ years)	Improved resource efficiency	Reduced operating costs from lower energy, water and material consumption	Lower operational risk perception over time	Enhanced eligibility for ESG-linked and green financing instruments
	Stronger environmental controls & transparency	Stable operations, improved margins and reduced incident exposure	Lower risk premium as ESG performance improves	Improved access to sustainability-linked financing and institutional investors
	Renewable energy investment (solar)	Stable long-term energy costs via 25-year PPA; reduced fuel dependency	Improved carbon exposure profile supports lower risk perception	Strengthens credibility with ESG-focused financiers and partners

Short-term opportunities

- Proactive energy monitoring and efficiency measures reduce operating costs and support margin protection across shipyard and offshore activities.
- Structured waste segregation and compliance controls mitigate penalty exposure and support operational continuity.
- Strong marine environmental controls protect licence-to-operate status and reinforce client confidence in regulated markets.
- Establishing credible environmental baselines (energy, waste, emissions) supports early ESG disclosure readiness and stakeholder trust.

Long-term opportunities

- Renewable energy generation from the Sabah solar plant reduces long-term energy cost exposure and supports decarbonisation commitments.
- Improved emissions transparency and environmental governance strengthens access to ESG-linked financing and institutional capital.
- Strong environmental track record enhances competitiveness for contracts with sustainability-conscious clients in the marine and offshore sector.
- Progressive resource efficiency and ecosystem protection reinforce social licence to operate and support long-term business continuity.

Sustainability Statement (cont'd.)

Chapter 4: Environmental Performance in Marine and Industrial Operations (cont'd)

4.5 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

6) Resilience

The Group strengthens organisational resilience by integrating environmental monitoring, operational controls and incident prevention practices into its operational sites, shipyard, marine and offshore operations.

Improved emissions monitoring, stronger waste management practices, marine environmental controls and resource efficiency initiatives support better cost control, regulatory readiness and long-term business resilience.

Chapter 5: Economic Value Creation and Sustainable Business Growth

5.1 Core Operations and Revenue Model

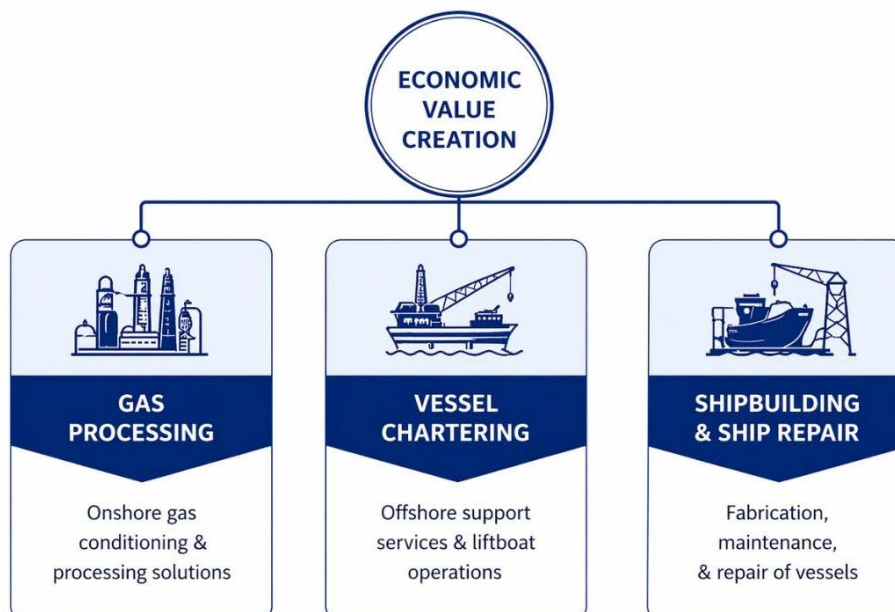
Coastal Contracts Bhd. (“the Group”) is a global integrated energy infrastructure and marine services provider. The Group’s operations are built upon a strong track record in gas processing, offshore and marine solutions, and its business has strategically evolved into three primary divisions: Gas Processing Division, Vessel Chartering Division, and Shipbuilding and Ship Repair Division.

The Group’s Gas Processing Division forms the cornerstone of its operations, delivering gas conditioning and processing solutions including gas sweetening, dehydration, extraction services and offshore gas compression, generating stable and recurring income through long-term service arrangements.

Complementing this, the Group’s Vessel Chartering Division provides vessel chartering, liftboat services and operational support for exploration, production and maintenance activities. The Group’s Shipbuilding and Ship Repair Division undertakes the fabrication and sale of OSVs and marine transportation assets, alongside maintenance, repair and overhaul services for both internal and external clients.

The Group is also actively expanding into renewable energy, with the 15 MWac Sabah Large-Scale Solar plant representing the Group’s first step in building an energy transition-aligned asset base that leverages its existing engineering capabilities.

COASTAL'S THREE-PILLAR BUSINESS MODEL



Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

5.1 Core Operations and Revenue Model (cont'd)

The Group's business model is built on long-term contracts, infrastructure-based revenue streams, strategic asset deployment and disciplined capital management. By maintaining operational reliability, technical expertise and financial resilience, the Group continues to strengthen the Group's position within the energy and marine ecosystem while delivering sustained economic value to its shareholders and stakeholders.

As the global energy landscape evolves, the Group recognises that sustainable growth must be underpinned by responsible business practices, energy transition readiness and continuous innovation. In this context, the Group's focus on Responsible Supply Chain Management and Innovation & Technology Adoption plays a critical role in supporting long-term economic resilience and sustainable growth.

The following sections outline how the Group integrate these priorities into the Group's operations to create durable value in an increasingly dynamic industry environment.

5.2 Responsible Procurement and Supplier Management

5.2.1 The Group's Commitment

Responsible procurement is fundamental to the Group's ability to deliver reliable services across its gas processing, offshore support, shipbuilding and ship repair operations, as well as its evolving renewable energy-related activities. Given the technical and asset-intensive nature of its business, the Group relies on a diverse network of suppliers for materials, equipment, engineering inputs and specialised services.

The Group recognises that supplier performance, ethical conduct and regulatory compliance directly influence project execution, operational stability and long-term value creation. Procurement practices are guided by the principles of quality, integrity and accountability across the supply chain.

The Group is progressively strengthening its procurement framework to ensure that suppliers operate in alignment with its expectations on governance standards, ethical labour practices, environmental responsibility, product and service quality, and business integrity. In addition, priority is given to suppliers that support energy efficiency and renewable initiatives, enhancing resilience and supporting sustainable growth.

5.2.2 Supplier Code of Conduct (SCOC)

In FY2025, the Group strengthened its Supplier Code of Conduct ("SCOC") framework through the adoption of an enhanced version aligned with current ESG and compliance expectations.

The SCOC sets out clear standards for suppliers in areas including:

- Ethical business practices and anti-corruption
- Labour and human rights compliance
- Health, safety and environmental responsibility
- Product quality and regulatory compliance
- Cybersecurity, privacy and confidentiality

The SCOC establishes minimum conduct expectations for suppliers engaging with the Group and is progressively integrated into supplier onboarding and engagement processes.

Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

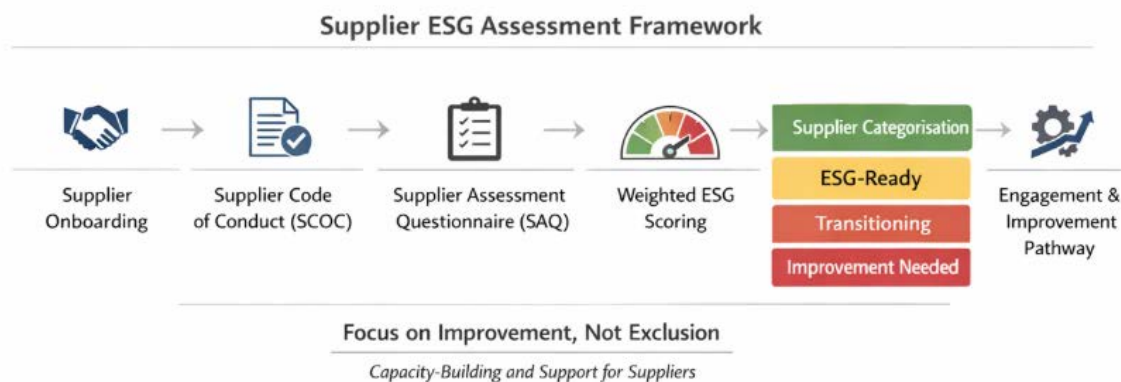
5.2 Responsible Procurement and Supplier Management (cont'd)

5.2.3 Supplier Due Diligence and ESG Assessment

To strengthen supplier risk management, Coastal enhanced its due diligence processes in FY2025 through the introduction of a structured Supplier Assessment Questionnaire (“SAQ”), which evaluates suppliers across key ESG and operational dimensions.

The SAQ was informed by internationally recognised ESG frameworks, including MSCI ESG Ratings methodology and the SASB Materiality Map, and prioritises key risk areas such as ethical business conduct, labour practices, environmental management, and operational quality and compliance.

To support consistent and risk-based evaluation, the SAQ incorporates a weighted scoring methodology, with higher weightings assigned to governance, labour, human rights and environmental factors due to their operational, regulatory and reputational implications.



Based on the scoring framework, suppliers are categorised according to their level of ESG readiness. These categories serve as a management tool to support supplier engagement and improvement rather than as a basis for immediate exclusion.

In FY2025, the SAQ was rolled out to 40 selected suppliers as part of a phased implementation approach. Moving forward, all new suppliers will be assessed using the same framework to ensure consistent ESG and compliance standards across the supply base.

Rather than excluding suppliers with lower ESG maturity, Coastal adopted a capacity-building approach in FY2026, whereby suppliers requiring improvement are provided with a transition period to strengthen their ESG practices through policy development, improved disclosure and progressive alignment with the Group’s requirements.

5.2.4 Ongoing Monitoring and Supplier Performance

Supplier responses are reviewed and evaluated through an internal scoring process, with suppliers categorised based on their overall performance profile. Where gaps or areas for improvement are identified, follow-up actions may include clarification requests, corrective measures or enhanced monitoring depending on materiality of the issue.

This structured assessment process enhances transparency in supplier evaluation, supports more disciplined sourcing decisions and strengthens supply chain visibility.

Looking ahead to FY2026, the Group aims to disclose the range of supplier ESG scores and further strengthen its supplier engagement approach through capability development and progressive improvement pathways.

The Group also recognises the importance of understanding the composition of its supply base in supporting local economic participation and enhancing supply chain resilience.

The Group will progressively enhance transparency in procurement reporting as data consolidation processes mature.

Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

5.3 Innovation & Technology Adoption

5.3.1 The Group's Commitment

As the energy and marine industry evolves with increasing emphasis on digitalisation, operational optimisation and compliance readiness, technology adoption has become a key enabler of long-term competitiveness. In an asset-intensive and project-driven environment, enhancing operational visibility, improving efficiency and maintaining disciplined capital allocation are critical to sustaining performance.

The Group recognises that innovation, in its operating context, is closely linked to operational enhancement, engineering capability and the structured evaluation of technology solutions. Its approach prioritises practicality and value creation, ensuring that technological initiatives remain aligned with business needs, asset performance objectives and evolving industry requirements.

5.3.2 Operational Technology and Process Enhancement

Across the Group's gas processing, offshore support, and shipbuilding and ship repair activities, technology considerations are integrated into operational and capital planning processes. This includes the evaluation of systems and tools that support performance monitoring, maintenance planning, compliance reporting and project coordination.

Given the technical complexity of the Group's operations, incremental improvements in monitoring capability, process efficiency and asset management practices can contribute to cost discipline and execution reliability. Technology initiatives are therefore assessed based on operational relevance, implementation feasibility and expected value, with a focus on enhancing productivity without introducing unnecessary complexity.

Where relevant, the Group also reviews developments in digital tools and automation that support maintenance optimisation, resource planning, data recording, condition monitoring and performance tracking across key operational activities.

The Group's approach emphasises measured and targeted enhancements that strengthen operational stability, reliability and long-term value creation.

5.3.3 Risk Considerations in Technology Adoption

While innovation presents opportunities, technology adoption must be carefully managed. Delays in implementing relevant tools and automation may result in higher operating costs and reduced productivity relative to evolving industry standards. Conversely, investments in unsuitable or poorly managed technologies may lead to cost overruns, implementation challenges or lower-than-expected returns.

In addition, limited development of integrated reporting and monitoring systems may affect decision-making efficiency and create compliance challenges as regulatory and stakeholder expectations evolve.

Accordingly, technology initiatives are evaluated through a disciplined and risk-aware approach, balancing productivity gains with implementation feasibility, cost considerations and capital allocation decisions.

5.3.4 Future Opportunities and Innovation Direction

Looking ahead, the Group sees opportunities to progressively enhance operational visibility, data-informed decision-making and asset optimisation across its value chain. Strengthening monitoring capabilities and improving process efficiency can contribute to better project control, risk management and cost performance.

The Group is progressively implementing structured R&D-related performance indicators across selected operational areas to enhance oversight of innovation and continuous improvement initiatives.

In parallel, the Group is exploring the potential application of artificial intelligence (AI) and digitalisation within selected operational areas to support data analysis, operational insights and process optimisation.

The Group will continue to evaluate such technologies in a measured and responsible manner, ensuring alignment with its operational priorities and long-term resilience.

Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

5.4 Sustainability-Related Risks and Opportunities (SRROs)

This section consolidates sustainability-related risks and opportunities arising from Responsible Procurement & Supplier Management and Innovation & Technology Adoption, and assesses their implications on the Group's business model, strategy and financial resilience.

5.4.1 Description of Risks

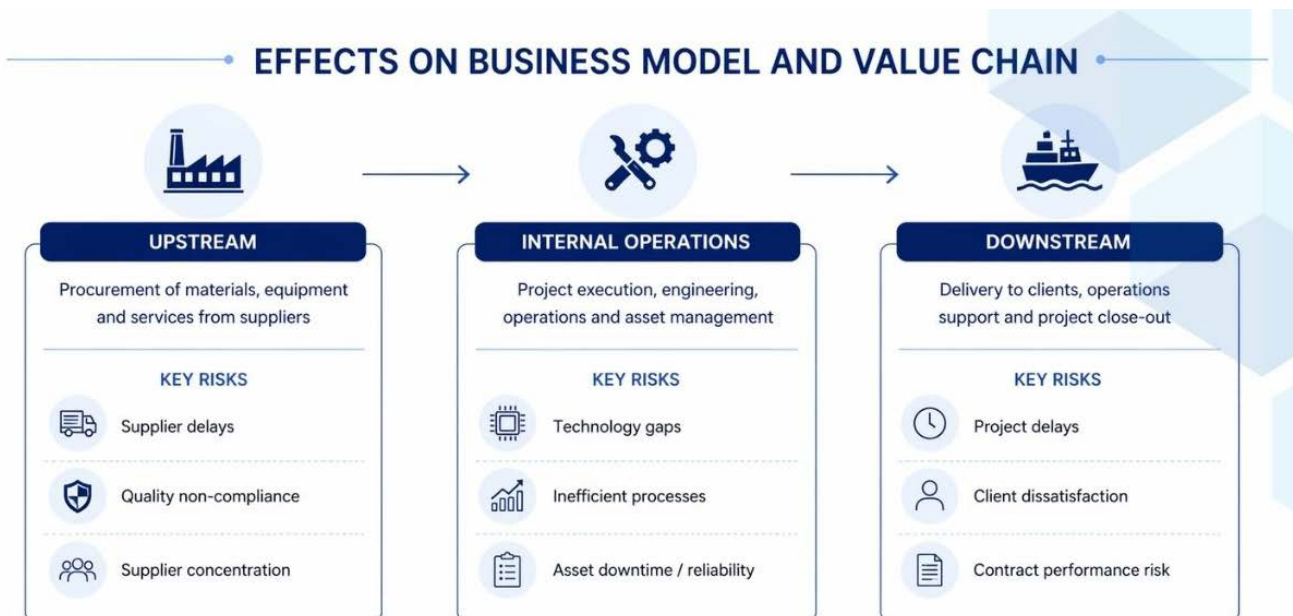
Under these material topics, the Group's sustainability-related risks are primarily operational and strategic in nature, with moderate financial impact potential if not effectively managed.

Key procurement-related risks include supplier concentration, non-compliance with quality or ESG-related standards, and suboptimal contract structures under volatile market conditions. These factors may result in supply disruption, project delays, cost escalation, rework requirements, margin pressure and reputational erosion.

Technology-related risks include delays in adopting relevant digital tools and automation, inadequate reporting and monitoring systems, and investment in unsuitable or poorly implemented technologies, which may lead to higher operating costs, reduced productivity, inefficient decision-making and suboptimal capital allocation.

Collectively, these risks are strategically material in influencing cost discipline, execution reliability and long-term competitiveness.

5.4.2 Effects on Business Model and Value Chain



The Group's business model is asset-intensive and project-driven, relying on specialised suppliers, technical contractors, engineering inputs and operational systems across its shipyards, plants and marine assets.

Upstream, supplier concentration risk and inadequate supplier performance controls may disrupt project timelines and increase procurement costs.

Within internal operations, insufficient adoption of technology and monitoring capability may affect productivity, asset utilisation and reporting efficiency, while digital capability gaps may reduce decision-making effectiveness and operational responsiveness.

Downstream, operational inefficiencies or project delays may affect customer confidence, contract performance and long-term client relationships.

Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

5.4 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

5.4.3 Effects on Strategy and Decision-Making

SRRO considerations influence the Group's strategic decisions across procurement and technology investments.

From a procurement perspective, the Group prioritises supplier diversification, structured performance monitoring and strategic sourcing to support cost stability and schedule reliability.

From a technology perspective, investment decisions are assessed through a disciplined techno-economic approach to improve operational efficiency, strengthen monitoring capability and enhance long-term asset performance.

These considerations are embedded into capital expenditure planning, operational budgeting and risk discussions at both management and Board levels.

5.4.4 Governance of Material Topics

Oversight of procurement and technology related sustainability risks is embedded within the Group's existing governance framework.

At the Board level, oversight of these risks forms part of a broader review of capital allocation, operational resilience and long-term value creation.

At the management level, responsibility is distributed across relevant functional stakeholders, including Supply Chain & Procurement, Finance & Reporting, HR/IT, ESG, Legal & Compliance and operational units.

Material matters, including significant supplier issues or capital-intensive technology investments, are escalated through established internal reporting channels to senior management and the Board where appropriate.

5.4.5 Potential Financial Implications

Short-Term Risks (1–3 Years)

Risk	Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Supplier concentration / quality non-compliance	Project delays, cost escalation, rework and margin pressure	Neutral to slight increase if risk controls are perceived as weak	Potential scrutiny from lenders if execution instability affects financial performance
Delays in adopting relevant operational technologies	Higher operating costs and reduced productivity	Neutral, but may affect competitiveness perception	Limited immediate impact, unless inefficiency materially affects earnings stability

Medium-Term Risks (3–5 Years)

Risk	Impact on Future Cash Flows	Impact on Cost of Capital	Impact on Access to Finance
Suboptimal contract structures under volatile market conditions	Sustained margin erosion and pricing inefficiency	Slight increase if profitability volatility persists	May reduce attractiveness to performance-focused capital providers
Inefficient technology investment or monitoring gaps	Lower return on capital employed; suboptimal asset performance	Higher if capital allocation discipline is questioned	Potential reduction in attractiveness to governance- and efficiency-focused investors

Sustainability Statement (cont'd.)

Chapter 5: Economic Value Creation and Sustainable Business Growth (cont'd)

5.4 Sustainability-Related Risks and Opportunities (SRROs) (cont'd)

5.4.6 Sustainability-Related Opportunities

Short-Term Opportunities

- Supplier diversification and structured framework agreements support cost stability and schedule reliability.
- Supplier audits and performance monitoring reduce hidden liabilities and quality risk.
- Targeted investment in relevant technologies can improve productivity and reduce unit operating cost.

Medium- to Long-Term Opportunities

- Strategic sourcing and improved contract structures protect profitability under market volatility.
- Integrated monitoring and reporting systems enhance project control, compliance readiness, and operational transparency.
- Thorough techno-economic assessment of innovation initiatives strengthens capital allocation and supports sustainable competitiveness.

5.4.7 Resilience

The Group's resilience in relation to these material topics is strengthened through disciplined governance, diversified supplier engagement, structured sourcing practices and measured technology investment.

By embedding procurement oversight and capital discipline into enterprise-wide decision-making, the Group reduces exposure to execution instability and margin volatility, while progressive adoption of relevant technologies supports productivity improvement and operational visibility.

Collectively, these measures reinforce the Group's ability to maintain execution reliability, cost discipline and competitive positioning as market expectations, regulatory standards and industry practices continue to evolve.

Sustainability Statement (cont'd.)

Performance Summary Data 2025

Bursa Malaysia Common Sustainability Matters (CSM) Indicators

Bursa Code	Indicator	Unit	2025
Anti-corruption			
C1(a)	Percentage of employees who have received training on anti-corruption by employee category	Percentage (%)	100%
	Senior Management	Percentage (%)	100%
	Executive	Percentage (%)	100%
	Non-Executive	Percentage (%)	100%
C1(b)	Percentage of operations assessed for corruption-related risks	Percentage (%)	100%
C1 (c)	Confirmed incidents of corruption and action taken	Number	0.00
Community/Society			
C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	4,758,546.74
C2 (b)	Total number of beneficiaries of the investment in communities	Number	11,425
C3 (a)	Percentage of employees by gender and age group, for each employee category		
	By Employee Category		
	Senior Management	Number	12
	Executive	Number	18
	Non-Executive	Number	124
	By Gender		
	Male	Percentage (%)	69%
	Female	Percentage (%)	31%
	By Age		
	<30	Percentage (%)	4%
	30-50	Percentage (%)	48%
	>50	Percentage (%)	48%
	Senior Management	Number	12
	Male	Percentage (%)	83%
	Female	Percentage (%)	17%
	<30	Percentage (%)	0%
	30-50	Percentage (%)	17%
	>50	Percentage (%)	83%

Sustainability Statement (cont'd.)

Performance Summary Data 2025 (cont'd)

Bursa Malaysia Common Sustainability Maters (CSM) Indicators (cont'd)

Bursa Code	Indicator	Unit	2025
Community/Society (cont'd)			
C3 (a)	Executive	Number	18
	Male	Percentage (%)	50%
	Female	Percentage (%)	50%
	<30	Percentage (%)	0%
	30-50	Percentage (%)	33%
	>50	Percentage (%)	67%
	Non-Executive	Number	124
	Male	Percentage (%)	70%
	Female	Percentage (%)	30%
	<30	Percentage (%)	5%
	30-50	Percentage (%)	53%
	>50	Percentage (%)	42%
	Percentage of directors by gender and age group		
	By Gender		
	Male	Percentage (%)	67%
	Female	Percentage (%)	33%
	By Age		
	<30	Percentage (%)	0%
30-50	Percentage (%)	17%	
>50	Percentage (%)	83%	
Energy management			
C4 (a)	Total energy consumption	GJ	8,473,072.81
Health and safety			
C5 (a)	Number of work-related fatalities	Number	0
C5 (b)	Lost time incident rate	Rate	0
C5 (c)	Number of employees trained on health and safety standards	Number	419
Labour practices and standards			
C6 (a)	Total hours of training by employee category	Hours	1,042
	Senior Management	Hours	93
	Management	Hours	287.5
	Executive	Hours	424.5
	Non-Executive	Hours	237

Sustainability Statement (cont'd.)

Performance Summary Data 2025 (cont'd)

Bursa Malaysia Common Sustainability Maters (CSM) Indicators (cont'd)

Bursa Code	Indicator	Unit	2025
Labour practices and standards (cont'd)			
C6 (b)	Percentage of employees that are contractors or temporary staff	Percentage (%)	11%
C6 (c)	Total number of employee turnover by employee category	Number	9
	Senior Management	Number	1
	Management	Number	2
	Executive	Number	4
	Non-Executive	Number	2
C6 (d)	Number of substantiated complaints concerning human rights violations	Number	0
Supply chain management			
C7 (a)	Proportion of spending on local suppliers		
Data privacy and security			
C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Water			
C9 (a)	Total volume of water used	Megalitres	22,412.00
Waste management			
C10 (a)	Total waste generated, and a breakdown of the following:	tonnes	3.55
	(i) total waste diverted from disposal	tonnes	0.93
	ii) total waste directed to disposal	tonnes	2.62
Emissions management			
C11 (a)	Scope 1 emissions in tonnes of CO ₂ e	CO ₂ e	569,163.12
C11 (b)	Scope 2 emissions in tonnes of CO ₂ e	CO ₂ e	458.22
C11 (c)	Scope 3 emissions in tonnes of CO ₂ e	CO ₂ e	193.66

Sustainability Statement (cont'd.)

Coastal Contracts Bhd IFRS S2		Date & Time: 2026-04-27T12:50:22 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	589,0332	0	No assurance	
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	458.22	0	No assurance	
GHG emissions	Scope 3 Cat.6: Business travel	Metric tonnes of carbon dioxide equivalents (tCO2e)	60.30	0	No assurance	
GHG emissions	Scope 3 Cat.7: Employee commuting	Metric tonnes of carbon dioxide equivalents (tCO2e)	133.36	0	No assurance	
Climate Risk Management	Physical Risks 1) Description of Risks 2) Time Horizon of Risks 3) Impacted Business Activities and Value Chain 4) Operational Impact 5) Current Mitigation 6) Anticipated Actions 7) Potential Financial Implications	NA	Section 1.5.2 Climate Strategy	NA	No assurance	
Footnote Sustainability Matter	This row has been added.					
Climate Risk Management	Transitional Risks: 1) Description of Risks 2) Time Horizon of Risks 3) Impacted Business Activities and Value Chain 4) Operational Impact 5) Current Mitigation 6) Anticipated Actions 7) Potential Financial Implications	NA	Section 1.5.2 Climate Strategy	NA	No assurance	
Footnote Sustainability Matter	This row has been added.					

Audit Committee Report

For The Financial Year Ended 31 December 2025

The Audit Committee was established on 2 December 2002.

The Board aims to ensure that the quarterly reports, annual financial statements, the annual review of operations in the annual report are presented in a manner which provides a balanced and comprehensive assessment of the Group's performance. The Audit Committee has been delegated with the responsibility to review the quarterly reports of the Group, focusing particularly on compliance with accounting standards and other legal requirements.

In the course of audit of the Group's financial statements, the external auditors would highlight to the Audit Committee and the Board, matters that require the Board's attention. Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and for presenting their comments on the audited financial statements. At least once a year, these meetings are held without the presence of the management of the Company to ensure that the external auditors can freely discuss and express their opinion on any matter to the Audit Committee. In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

To assess the independence of External Auditors, the Audit Committee will seek assurance from the External Auditors, confirming that they are, and have been independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. In this regard, the Audit Committee having assessed the independence of Messrs. Crowe Malaysia PLT as External Auditors of the Company and reviewed the level of non-audit services rendered by Crowe Malaysia PLT to the Company for the financial year under review, is satisfied with the competency and audit independence of Crowe Malaysia PLT and recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the next Annual General Meeting.

The Audit Committee comprises of the following members:

Name	Designation	Directorship
Teo Gim Suan (Appointed on 1 Sep 2025)	Chairman	Independent Non-Executive Director
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	Chairman	Independent Non-Executive Director
Hj. Ir. Intizam Bin Ayub	Member	Independent Non-Executive Director
Seeto Yee @ Seeto Tin Yee	Member	Independent Non-Executive Director

TERMS OF REFERENCE

The term of reference of the Audit Committee are available for reference at www.coastalcontracts.com.

AUDIT COMMITTEE MEETING

The Audit Committee held five (5) meetings during the financial year from 1 January 2025 to 31 December 2025. These meetings were held at the registered office on 28 February 2025, 16 April 2025, 27 May 2025, 27 August 2025 and 27 November 2025. Details of the attendance of the meetings by the Committee Members are as follows:

Name	No. of Meetings Attended	% of Meetings Attended
Teo Gim Suan	1/1	100%
Jacob O Pang Su Yin	3/3	100%
Hj. Ir. Intizam Bin Ayub	5/5	100%
Seeto Yee @ Seeto Tin Yee	5/5	100%

Audit Committee Report

For The Financial Year Ended 31 December 2025 (cont'd.)

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year are summarised as follows:

- i) Reviewed the external auditors' scope of work and their audit plan.
- ii) Reviewed with the external auditors the results of their audit, the audit report and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- iii) Reviewed and approved the internal audit plan presented by the internal auditors.
- iv) Reviewed with the internal auditors the internal audit report.
- v) Reviewed the Annual Report, the audited financial statements of the Company and the Group for the financial year ended 31 December 2025 prior to submission to the Board for consideration and approval. The review was to ensure that the audited financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- vi) Reviewed the Company's compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- vii) Reviewed the quarterly unaudited financial statements and the explanatory notes thereon and recommend to the Board for approval.
- viii) Reviewed the related party transactions entered into by the Group.
- ix) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance 2021 for the purpose of preparing the Corporate Governance Statement pursuant to the Listing Requirements.
- x) Reviewed the Risk Management Framework and risk register of the Group, including corruption risks (i.e. investigation of whistleblowing reports).

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Board has engaged the services of an independent professional firm to carry out the internal audit function of the Group, to provide independent assurance and assist the Audit Committee in discharging its duties and responsibilities. The functions of the internal audit include the review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

During the financial year, the internal audit function was performed by an independent professional firm to identify and assess the system of internal controls of the Group. Areas for improvement and recommendations for Management on the weaknesses in internal control were highlighted. The system of internal controls was satisfactory and has not resulted in any material losses, contingencies and uncertainties that would require disclosures in the Group's Annual Report.

A summary of the activities of the internal audit function for the financial year ended 31 December 2025 is as follows:

- i) Performed audit work in accordance with the pre-approved internal audit plan.
- ii) Carried out assessment and test of the internal controls within the Group.
- iii) Reviewed and reported on the effectiveness and adequacy of the existing internal control policies and procedures.
- iv) Provided recommendations for the improvement of the internal control policies and procedures.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME

The Company has established an Employees' Share Option Scheme ("ESOS") for a period of five (5) years effective from 16 December 2021. The ESOS was approved by shareholders on 16 December 2021 and will be governed by the ESOS By-Laws. The Company had on 16 December 2021 granted 49,024,800 share options under the ESOS. The options shall expire on 15 December 2026.

The ESOS Committee which has been formed to administer the ESOS, comprises of three (3) members that consists of two (2) Executive Directors and the Head of Human Resource Department. The ESOS Committee is primarily responsible for recommending to the Board, the criteria and allocation of any ESOS options to be granted to eligible employees and directors of the Company and its subsidiaries and ensuring that all exercises of ESOS options are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the ESOS By-Laws and Company's Constitution. The ESOS Committee shall meet whenever necessary to fulfil its functions.

Audit Committee Report

For The Financial Year Ended 31 December 2025 (cont'd.)

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME (cont'd)

The option prices and the details in the movement of the options granted are as follows:

Date of Offer	Exercise Price	Number of Options Over Unissued Ordinary Shares			
		1.1.2025	Forfeited	Exercised	31.12.2025
16 December 2021	RM0.99	33,686,110	(101,300)	(9,053,790)	24,531,020

The options which were forfeited during the financial year were due to resignations of employees.

The details of the options, held by the Directors pursuant to the Company's ESOS in respect of the financial year ended 31 December 2025 are as follows:

Name of Director	Number of Options Over Unissued Ordinary Shares			
	Balance as of 1.1.2025	Granted	Exercised	Balance as of 31.12.2025
Executive Directors				
Ng Chin Heng	3,800,000	-	(3,040,000)	760,000
Ng Chin Shin	1,760,000	-	-	1,760,000
Alice Ng	2,200,000	-	(820,000)	1,380,000

Independent Non-Executive Director

Hj. Ir. Intizam Bin Ayub	120,000	-	-	120,000
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The details of the options, held by the key senior management of the Group pursuant to the Company's ESOS in respect of the financial year ended 31 December 2025 are as follows:

Name of Key Senior Management	Number of Options Over Unissued Ordinary Shares			
	Balance as of 1.1.2025	Granted	Exercised	Balance as of 31.12.2025
Pang Fong Thau	2,200,000	-	(1,760,000)	440,000
Ng Chin Keuan	1,760,000	-	-	1,760,000
Ng Chin Kok	1,760,000	-	-	1,760,000
Liow Ming Yew	2,200,000	-	-	2,200,000
Lau Joo Ting	1,760,000	-	-	1,760,000
Ng San Chen	2,050,000	-	-	2,050,000
Kong Wei Ket	710,000	-	-	710,000
Ng San Yang	163,800	-	-	163,800

In accordance with the By-Laws of the Company's ESOS, not more than eighty (80) percent of the new Company's shares available under the scheme shall be allocated in aggregate to the Directors and senior management. During the financial year and since commencement of the scheme, the actual percentage granted to them is approximately forty-seven (47) percent.

Corporate Governance Overview Statement

The Board of Directors considers corporate governance as a fundamental part of its responsibilities in managing the business and affairs of the Group and is fully committed to maintaining high standards at all times. Set out below is a statement on how the Group has applied the principles and the extent of its compliance with the best practice as stipulated in the Malaysian Code on Corporate Governance (“MCCG”) 2021.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the said goals. A Strategic Plan has been adopted as one of the key policies in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and the Management of the Group. A structured risk management process has been established to better identify, formalise, monitor within the various operating units and manage the business risk functions affecting the Group. This is elaborated in greater details in the Statement on Risk Management and Internal Control on pages 110 to 111 of this Annual Report.

The Executive Directors take the primary responsibility of managing the Group’s business and resources. The intimate knowledge of the Executive Directors and their hands-on management practices have enabled the Group to become a leader in the industry.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Practice 1.1 Roles and Responsibilities of the Board

In order to ensure effectiveness and discharge of its fiduciary and leadership duties, the Board:

- Retains full and effective control of the affairs of the Group;
- Formulates policies and strategies;
- Actively oversees and monitors management’s performance;
- Reviews and adopts strategic corporate plans;
- Approves the Group’s annual budget, including major capital commitments;
- Conducts periodic review of the achievements against business targets;
- Identifies principal risks and ensures the implementation of appropriate internal control systems and mitigation strategies;
- Oversees and evaluates the conduct of the Group’s business;
- Ensures effective communication amongst the shareholders;
- Considers emerging issues which may be material to the business affairs of the Group;
- Ensures that the Group has a proper succession plan for its senior management and Board members;
- Any other matters which require the Board’s approval pursuant to the applicable rules, laws and regulations;
- Identify, assess and monitor all corruption and bribery risks and perform corruption and bribery risk assessment on an ongoing basis; and
- Oversees the implementation and administration of whistleblowing policy and procedures.

Apart from its statutory duties and responsibilities stated above, the Board oversees the management and affairs of the Group. Certain matters are specifically reserved for the Board’s decision, including overall strategic direction, operational plan, capital expenditure, mergers and acquisitions, capital projects, Group’s operating and financial performance and review of risks affecting the Group. The Board also delegates the formulation of business strategies and policies, and day-to-day management to the Executive Directors and the Management. The Board is responsible for overseeing that the delegated tasks to Executive Directors and Management are carried out in accordance with the Group’s core values and ethical guidelines with reference to the Directors’ Code of Conduct of the Group.

Overall, the Board’s key responsibilities reflect the recommendations prescribed by MCCG 2021.

Practice 1.2 Roles of Chairman

Mr. Ng Chin Heng serves as Executive Chairman. He provides top-level leadership and manages the overall direction of the Group. He also ensures that the views of shareholders are communicated to the Board as a whole in order to identify issues and concerns. He is responsible for executing the strategy as agreed by the Board and developing objectives by leading the senior executive team. In addition, he ensures that the Group’s risks are adequately addressed and appropriate internal controls are in place. Scheduling regular and effective evaluations of the Board’s performance is also one of the Executive Chairman’s responsibilities.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

Practice 1.3 Separation of roles of Chairman and Chief Executive Officer (“CEO”)

Although the position of Chairman of the Board is to be held by a Non-Independent Executive Director, Mr. Ng Chin Heng, it however does not imply that the independence of the Board is compromised. This is perceived as appropriate and of benefit to the Group given that Mr Ng has continued to demonstrate strong leadership to the Board and proven his competency as an Executive Director, especially in driving the Group to grow year-on-year. The Nomination Committee, which comprises of all the Independent Non-Executive Directors, takes the views that the current composition and mix of Executive Directors and Independent Non-Executive Directors for the Board is appropriate.

Practice 1.4 Separation of roles of Chairman from Board Committees

The Executive Chairman of the Company is not a member of Audit Committee as well as the Nomination Committee and Remuneration Committee.

Practice 1.5 Company Secretaries

The Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities, provide clear and sound advice on requirements and procedures to be formulated and adopted by the Group arising from new statues and guidelines implemented by regulatory authorities. The Board is also briefed on proposed contents and timing of material announcements to be made to Bursa Malaysia. In ensuring that Board meetings are properly convened, the Company Secretaries fulfil their attendance in Board meetings. Not only that, the Company Secretaries also work collaboratively with the Management in assuring timely and appropriate information flows within the Group.

Practice 1.6 Information and Support of Directors

Prior to Board meetings, the agenda together with the relevant documents and information are distributed to all Directors within the requisite period to enable the Directors to review, seek additional information or clarification on the matters to be deliberated at Board meetings. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities.

Meetings and Time Commitments

Board meetings are held at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. In intervals between Board meetings, when matters require Board decision, Board approvals are sought via Directors' Circular Resolutions (DCR) with sufficient information required to make an informed decision.

The proceedings of the Board meetings are conducted in line with a planned agenda in order to facilitate constructive and profound deliberations. The agenda is furnished to the Directors at least 7 days prior to the Board meeting, together with proposal papers and reports to allow sufficient time for the Directors to review the Board papers and to provide insightful comments during the Board meeting. The Board had held five (5) meetings during the financial year from 1 January 2025 to 31 December 2025 where the Board deliberated and considered a variety of matters including the Group's financial results, major investments, strategic decisions and direction of the Group.

Where a potential conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interests and abstain from the decision making process.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Meetings and Time Commitments (cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Shown below are the number of meetings attended by each Director for the financial year from 1 January 2025 to 31 December 2025. These meetings were held at the registered office on 28 February 2025, 16 April 2025, 27 May 2025, 27 August 2025 and 27 November 2025.

Name of Director	Designation	No. of Meetings Attended	%
Ng Chin Heng	Executive Chairman	5/5	100%
Ng Chin Shin	Executive Director	5/5	100%
Alice Ng	Executive Director	5/5	100%
Teo Gim Suan (Appointed on 1 Sep 2025)	Independent Non-Executive Director	1/1	100%
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	Independent Non-Executive Director	3/3	100%
Hj. Ir. Intizam Bin Ayub	Independent Non-Executive Director	5/5	100%
Seeto Yee @ Seeto Tin Yee	Independent Non-Executive Director	5/5	100%

The Directors are aware of the time commitment expected from each of them to attend to the Group's matters, including attendance at Board and other committees' meetings.

All Directors are required to immediately notify the Board when accepting any new external board appointments. Pursuant to paragraph 15.06(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any Board member shall not hold more than five (5) directorships in public listed companies at any one time.

Practice 2.1 Board Charter

A Board Charter has been established and approved by the Board. The Board Charter acts as a source of reference and primary induction literature in providing insights to Board members and senior management. The Board will review Board Charter annually to ensure that it remains consistent with the Board's objectives and responsibilities as well as relevant standards of corporate governance. The last review was done on 27 August 2025.

The details of the Board Charter are available for reference at www.coastalcontracts.com.

Practice 3.1 Code of Conduct and Ethics

A Directors' Code of Conduct has been established and approved. This code sets out the standards of conducts and basic principles to guide the Board in carrying out their duties and responsibilities to the highest standards of honesty and integrity.

The Group is committed to ensuring that its business and operations are conducted in an ethical, moral and legal manner.

An Anti-Bribery and Corruption Policy ("ABC Policy") was established to provide information and guidance to those working for Coastal Group on how to recognise and deal with bribery and corruption issues, as well as understand their responsibilities. In addition, the implementation of ABC Policy is aimed at ensuring that the Group has adequate procedures to prevent and detect bribery and corruption.

The Board will monitor compliance and review regularly with the ABC Policy in order to ensure that the ABC Policy continues to remain relevant and appropriate. Besides that, any Director, officer or employee of the Group suspects contravention of the ABC Policy are required to promptly report the violations in accordance with the Group's Whistleblowing Policies and Procedures.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

Practice 3.2 Whistleblowing Policies and Procedures

Whistleblowing Policies and Procedures provide an avenue for all employees to disclose any improper conduct occurring in the course of dealing with Coastal and its businesses and operations. Under the policy, confidentiality of the matter raised and the identity of the whistle blower is protected. Any Director, officer or employee of the Group can report any improper conduct by writing to the Nomination & Remuneration Committee Chairman, Mr. Seeto Yee @ Seeto Tin Yee at seeto.yee@coastalcontracts.com. Alternatively, should there be any report of improper conduct to be made against the Nomination & Remuneration Committee Chairman, the report can be channelled to the Executive Chairman, Mr. Ng Chin Heng at ncheng@coastalcontracts.com.

Practice 4.1 Sustainability Leadership

The Board of Directors oversees the development of the sustainability performance of the organisation. The Board takes into account sustainability considerations when exercising its duties on the implementation and development of the Company's business strategic plans. The senior management and Heads of divisions will give recommendations and convey the material matters related to sustainability identified to the Board.

Practice 4.2 Sustainability Reporting

The Company supports this Practice under the MCCG 2021 and will work with all stakeholders towards its journey to sustainable growth. The Company's sustainability goals roadmap, is also disclosed in the Sustainability Statement.

Practice 4.3 Sustainability Training

In order to keep abreast and updated with the latest on sustainability practices, the Board shall proactively attend more sustainability courses and conferences in the near future. The Board may also engage with external consultants to provide guidance to the Board and senior management of the Company on addressing sustainability issues.

Practice 4.4 Sustainability Evaluation

The Company shall include new performance criteria related to Company's material sustainability risks and opportunities when conducting the annual performance evaluation on the Board and senior management.

II. BOARD COMPOSITION

Practice 5.1 Nomination Committee

The Nomination Committee comprises of the following members:

Name	Designation	Directorship
Seeto Yee @ Seeto Tin Yee (Appointed on 1 Sep 2025)	Chairman	Independent Non-Executive Director
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	Chairman	Independent Non-Executive Director
Hj. Ir. Intizam Bin Ayub	Member	Independent Non-Executive Director
Teo Gim Suan (Appointed on 1 Sep 2025)	Member	Independent Non-Executive Director

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Practice 5.1 Nomination Committee (cont'd)

The Nomination Committee held three (3) meetings during the financial year from 1 January 2025 to 31 December 2025. The meeting was held at registered office on 16 April 2025, 27 August 2025 and 27 November 2025. Details of the attendance of the meeting by the Committee Members are as follows:

Name of Director	No. of Meetings Attended	%
Seeto Yee @ Seeto Tin Yee	3/3	100%
Jacob O Pang Su Yin	1/1	100%
Hj. Ir. Intizam Bin Ayub	3/3	100%
Teo Gim Suan	1/1	100%

A summary of the activities of the Nomination Committee during the year is as follows:

- Reviewed the mix of skills, experience and other qualities, including core competencies, of the Board members;
- Assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- Provide recommendations on candidates for directorship, re-appointment and re-election of Board members and the Board members to sit on Board Committees;
- Discussed and reviewed the Board's succession plans; and
- Support Directors' induction programs and continuing development.

Annual Assessment of Independence

The Nomination Committee shall assess the independence of each Independent Director in accordance with the definition of Independent Director as listed on paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Based on the assessment, the Nomination Committee is satisfied that the independence of the Board will not be impaired by its current board composition.

Practice 5.2 Board Composition

The Board currently comprises of six (6) members of whom three (3) are Executive Directors and three (3) are Independent Non-Executive Directors. In line with the recommendation of MCGG 2021, half of Coastal's Board of Directors are Independent Directors. The presence of the Independent Non-Executive Directors provides effective check and balance to the functioning of the Board. The three (3) Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgement. They bring an external perspective and help develop strategic plans, as well as scrutinising the Management's performance in attaining its goals.

The Board views the number and composition of the Directors to be optimal and well-balanced given that its members are drawn from varied backgrounds with proper mix of skills, character, integrity, competence and time commitment, bringing in-depth and diverse experiences and perspectives to the Group's business operations. The profile of each Director is presented on pages 10 to 12 of this Annual Report.

Practice 5.3 Tenure of Independent Director

The Board is fully aware of one of the recommendations of MCGG 2021 which states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Should such a case occur, he may continue subject to his re-designation as Non-Independent Non-Executive Director. Alternatively, he may also be retained as Independent Non-Executive Director subject to shareholders' approval with justification of his retention. The Board acknowledges the recent amendments to the Listing Requirements of Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Practice 5.4 Policy on the tenure of Independent Director

The Board does not have a policy that limits the tenure of Independent Directors to nine (9) years without further extension.

Practice 5.5 Board Diversity

The Group practices non-discrimination in the age, gender, ethnicity or religion towards the organisation, which includes the selection of Board members. It is important to have a Board that is composed of best-qualified individuals who possess the requisite knowledge, experience, independence and good judgement so as to ensure that the Board functions effectively and able to discharge its duties in the best interests of the Group and the Company's shareholders.

Practice 5.6 Sourcing of Directors

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and also appointments are made on merits. The process for the appointment of a new director is summarised in the sequence as follows:

- i) The candidate is identified upon the recommendation by the existing Directors and/or Senior Management;
- ii) In evaluating the suitability of candidates to the Board, the Nomination Committee considers the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
- iii) Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
- iv) Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

Any new nomination received is put to the full Board for assessment and endorsement.

Practice 5.7 Appointment and Re-election of Directors

Pursuant to Clause No. 97 of the Company's Constitution, any new appointed Director shall hold office only until the next annual general meeting of the Company, and shall then be eligible for re-election. For financial year ended 31 December 2025, Madam Teo Gim Suan who eligible for re-election in accordance with Clause No. 97 of the Company's Constitution.

Pursuant to Clause No. 100 of the Company's Constitution, an election of Directors shall take place each year and at every AGM of the Company, one-third (1/3) of the Directors for the time being shall retire from office provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. For the financial year ended 31 December 2025, the following Directors who retire by rotation in accordance with Clause No. 100 of the Company's Constitution and being eligible, have offered themselves for such re-election:

- (i) Mr Ng Chin Heng; and
- (ii) Mr Seeto Yee @ Seeto Tin Yee

Shareholders are well-informed by the Company for the appointment or re-election of Directors through the Notice of AGM which is attached as part of the Annual Report. Profiles of Directors are also published in the Annual Report, with information on the age, gender, qualifications, working experience, tenure of service, directorship in other companies, any family relationship or conflict of interest as well as shareholdings in the Company.

Practice 5.8 Nomination Committee Chairman

In line with the recommendation of MCCG 2021, the Nomination Committee is chaired by Mr Seeto Yee @ Seeto Tin Yee, an Independent Director.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Practice 5.9 Women Directors

The Board currently comprises 33.3% women Directors, an increase from 16.7% in the previous financial year. This improvement reflects the Company's commitment towards enhancing gender diversity at Board level.

The Company has achieved compliance with Practice 5.9 of the Malaysian Code on Corporate Governance, which recommends that at least 30% of the Board comprises women Directors. The Board will continue to uphold gender diversity and endeavour to maintain at least 30% women representation, taking into consideration suitable candidates based on merit and experience.

Practice 5.10 Policy on Gender Diversity

The Board does not have a specific policy on gender diversity. There are two (2) woman directors in the Board and one (1) woman in Coastal's key senior management team.

Practice 6.1 Evaluation of Board, Board Committees and Individual Directors

Annual Assessment of Existing Directors and Board Committees

The Nomination Committee assesses the performance of all the Directors due for re-election and makes recommendations to the Board for their re-election to be tabled for shareholders' approval at the forthcoming AGMs. The process of assessing the Directors is an on-going responsibility of the entire Board, made possible by a formal evaluation process to annually assess the effectiveness of the Board Committees, as well as the contribution and performance of each individual Director. The criteria used includes an assessment of their roles, duties, responsibilities, competency, expertise and contribution whereas for the Board and Board Committees, the criteria used include composition, structure, accountability, responsibilities, adequacy of information and processes.

Directors' Training

The Board sees Directors' training as an on-going practice and regularly assesses their training needs so as to develop and appraise their knowledge and skills required to fulfil their responsibilities.

All Directors have successfully completed the Mandatory Accreditation Programme Part I ("MAP I") as prescribed by Bursa Malaysia Securities Berhad. All existing members of the Board have also completed the Mandatory Accreditation Programme Part II ("MAP II: Leading for Impact"), with the exception of Mr Jacob O Pang Su Yin, who resigned on 1 August 2025 prior to attending MAP II. During the financial year from 1 January 2025 to 31 December 2025, the details of seminars attended by the Directors are as follows:

Name of Director	Seminar
Ng Chin Heng	<ul style="list-style-type: none"> In House ESG Training 2025 2025 Tax Policy and Controversy Outlook Webcast Expanding to Singapore & Malaysia: Key Tax and Accounting Insights The Power of Perception : Using Media to 10x Your Valuation
Ng Chin Shin	<ul style="list-style-type: none"> In House ESG Training 2025 2025 Tax Policy and Controversy Outlook Webcast Expanding to Singapore & Malaysia : Key Tax and Accounting Insights The Power of Perception : Using Media to 10x Your Valuation

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

Practice 6.1 Evaluation of Board, Board Committees and Individual Directors (cont'd)

Directors' Training (cont'd)

Name of Director	Seminar
Alice Ng	<ul style="list-style-type: none"> In House ESG Training 2025 Best practices in resume writing Firm Culture and Governance – IESBA and CPA Australia My Firm. My Future. Communication essentials Can you use AI and comply with your ethical obligations? Career Insights – Skills Employers are Seeking (Singapore) Cyber Security and board/audit and risk committee responsibility My Firm. My Future. Data and documentation Ethics in Sustainability Reporting and Assurance – IESBA and CPA Australia Professional Ethics in Focus 2024 CPA Australia Learning Insights The Power of Perception : Using Media to 10x Your Valuation A practical guide to preparing for an Executive Interview Current Issue in Risk Management The shift in boardroom dynamics : Enhancing governance and strategic leadership
Hj. Ir. Intizam Bin Ayub	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II : Leading for Impact (LIP) Expanding to Singapore & Malaysia : Key Tax and Accounting Insights Audit Oversight Board's Conversation with Audit Committee
Seeto Yee @ Seeto Tin Yee	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II : Leading for Impact (LIP) Audit Oversight Board's Conversation with Audit Committee
Teo Gim Suan (Appointed on 1 Sep 2025)	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II : Leading for Impact (LIP) The Power of Perception : Using Media to 10x Your Valuation Preference Shares : Steps to Issue, Redeem and Convert Director Duty to Exercise Due Care Skill and Diligence E-Invoice Implementation in Malaysia and Navigating the MYINVOIS Portal Audit Oversight Board's Conversation with Audit Committee
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	<ul style="list-style-type: none"> Expanding to Singapore & Malaysia : Key Tax and Accounting Insights

The Directors will continue to undergo relevant training programmes to keep abreast with latest changes in laws, regulations and the business environment to equip them with the knowledge to discharge their duties effectively. Furthermore, the Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Directors' reference and will brief the Board members on these updates as and when required.

III. REMUNERATION

Practice 7.1 Remuneration Policy and Procedures for Directors and Senior Management

Basic salaries for Executive Directors are fixed for the duration of their contract and any adjustment of the basic salary will be reviewed and endorsed by the Remuneration Committee, considering factors such as individual performance, inflation price index, affordability, industry's practices and benchmarks. As for Non-Executive Directors, the quantum of Directors' fees is recommended by the Remuneration Committee to the Board after taking into account of the fiduciary duties and responsibilities of the Non-Executive Directors under the relevant regulatory requirements.

Bonus scheme which is based on the individual and Company's performance is offered to the Executive Directors and the bonus payable are to be reviewed by the Remuneration Committee and approved by the Board.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION (cont'd)

Practice 7.1 Remuneration Policy and Procedures for Directors and Senior Management (cont'd)

All benefits in kind are made available as appropriate. In respect of the Executive Directors, contribution is made to the Employees Provident Fund (“EPF”), the national mandatory defined contribution plan. The Company is subject to reimbursement of associated expenses incurred by the Directors in the course of fulfilling their duties as Executive Directors.

The Board as a whole determines and endorses the remuneration of the Directors after considering the proposals from the Remuneration Committee. Individual Directors concerned shall abstain from discussions and decisions in respect of their own remuneration. The Directors’ remuneration shall be determined by an ordinary resolution of the Company pursuant to Clause No. 123 of the Company’s Constitution.

Practice 7.2 Remuneration Committee

The Remuneration Committee comprises the following members:

Name	Designation	Directorship
Seeto Yee @ Seeto Tin Yee (Appointed on 1 Sep 2025)	Chairman	Independent Non-Executive Director
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	Chairman	Independent Non-Executive Director
Hj. Ir. Intizam Bin Ayub	Member	Independent Non-Executive Director
Teo Gim Suan (Appointed on 1 Sep 2025)	Member	Independent Non-Executive Director

The Committee shall meet when there are matters referred to them for consideration or as necessary. The Committee has access to professional advice on remuneration matter from within the Group and external specialists of the field in making recommendations to the Board.

The Remuneration Committee held one (1) meeting during the financial year, which were attended by all of the Committee members. The Remuneration Committee ensures that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of adequate competency in order to run the Group successfully. Remuneration packages for Executive Directors shall be fair in accordance with their achievements and contributions to the Group. The Committee has the right to obtain independent consultants’ advice and information about remuneration practices elsewhere.

The Terms of Reference of Remuneration Committee is available for reference at the Company’s website at www.coastalcontracts.com.

Practice 8.1 and 8.2 Disclosure of Remuneration of Directors and Senior Management

The details of Directors’ remuneration of the Company comprising remuneration paid/payable from the Company and its subsidiaries for the financial year from 1 January 2025 to 31 December 2025 are as follows:

From the Company

Name of Director	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Statutory Contribution RM'000	Benefits-in-kind RM'000	Total RM'000
Independent Non-Executive Directors					
Hj. Ir. Intizam Bin Ayub	39	-	-	-	39
Seeto Yee @ Seeto Tin Yee	44	-	-	-	44
Teo Gim Suan (Appointed on 1 Sep 2025)	16	-	-	-	16
Jacob O Pang Su Yin (Resigned on 1 Aug 2025)	35	-	-	-	35
Total	134	-	-	-	134

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION (cont'd)

Practice 8.1 and 8.2 Disclosure of Remuneration of Directors and Senior Management (cont'd)

From the Group

Name of Director	Fees & Allowances RM'000	Salaries & Bonuses RM'000	Statutory Contribution RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors					
Ng Chin Heng	-	1,604	-	7	1,611
Ng Chin Shin	-	420	17	13	450
Alice Ng	-	1,243	52	27	1,322
Total	-	3,267	69	47	3,383

The remuneration of the top five senior management is not disclosed as it is deemed be detrimental to its business interests, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common place.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Practice 9.1 Audit Committee Chairman

Practice 9.4 (Step Up) Independence of Audit and Risk Management Committee

The Audit Committee is made up exclusively of Independent Directors based on the Step-Up recommendation of the Code and also meets the Listing Requirements of which states the Audit Committee is to comprise no fewer than three (3) members and that all members must be Non-Executive Directors with a majority being Independent Directors. The Chairman of the Audit Committee is an Independent Director. The role and responsibilities of the Audit Committee as well as their rights are set out in the Terms of Reference contained on the corporate website. Details of the activities carried out by the Audit Committee for the financial year are set out on pages 95 to 97.

There is no separate committee to govern risk management, that task being undertaken by the Audit Committee.

Practice 9.2 and 9.3 Oversight and Assessment of the Suitability and Independence of External Auditors

To ensure independence, the Company obtains written assurance from the external auditors confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee also reviews and assesses the appointment and re-appointment of the external auditors via an assessment checklist in accordance with the assessment criteria covering regulatory requirements. Terms of engagement for services provided by the external auditors are also reviewed by the Audit Committee prior to submission to the Board for approval. The Board, upon concurrence with the outcome of the assessment approved the re-appointment of external auditor based on the Audit Committee's recommendation subject to shareholder's approval at the annual general meeting.

It is the policy of the Audit Committee to meet with the external auditors at least two (2) times a year to discuss the audit plan, audit findings and views in respect of the integrity of the Group's financial statements. The external auditors are also invited to attend the annual general meeting.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. AUDIT COMMITTEE (cont'd)

Practice 9.5 Financial Literacy of the Audit Committee

The Audit Committee possesses the right mix of skills to discharge its duties effectively.

All members of the Audit Committee play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. Majority of the members of the Audit Committee have the necessary financial, technical and commercial expertise required to meet their responsibilities and provide an effective level of challenge to management.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Practice 10.1 and 10.2 Risk Management and Internal Control Framework

The Board acknowledges that it is responsible for maintaining a sound system of internal control covering not only financial controls but also operational, compliance as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risk to which it is exposed. The system, by its inherent limitations, can only provide reasonable but not absolute assurance against misstatement or loss. The Board reviews risk exposures, evaluates risk and approves risk management policies to ensure effective risk management profile is in place.

The Board's statement on risk management and internal control is set out on pages 110 to 111 of this Annual Report.

Practice 11.1 and 11.2 Internal Audit Function

The Group's internal audit function was outsourced to an independent professional firm to provide independent assurance and assist the Audit Committee in discharging its duties and responsibilities. The functions of the internal audit include the review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group. The internal audit function is prescribed in more detail in the Audit Committee Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Practice 12.1 Communication with Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public. The Board reviews and implements corporate communication policies with the shareholders, other key stakeholders and the public. The annual reports, quarterly results, press releases and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and performance. Apart from that, the Company also took part in briefing sessions with analysts.

Practice 12.2 Integrated Reporting

The Group has yet to adopt integrated reporting as it does not fall within the definition of Large Companies.

Practice 13.1 Notice of General Meeting

The notice of general meetings has been sent out to shareholders in line with the minimum notice period of 21 days as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In addition, the notices will also be published in at least one newspaper of national circulation for a wider dissemination of such notice and to encourage greater shareholders' participation at general meeting.

Corporate Governance Overview Statement (cont'd.)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

Practice 13.2 Directors to attend the General Meeting

All the Directors shall endeavour to attend the general meetings to allow the shareholders to raise questions and clarify any issues they may have relating to each resolution tabled for approval.

Practice 13.3 Electronic Voting

In line with Practice 13.3 of the MCGG 2021 in promoting electronic voting, the Board had assessed and of the opinion that the electronic voting is not necessary. However, the Board shall consider adopting such recommendation when there are large number of shareholders or meetings held in remote locations.

Practice 13.4 Interaction between Company and its Shareholders

The Company's general meeting provides an opportunity for direct interaction with shareholders where questions and concerns raised would serve as feedback to the Group's business and corporate decisions.

Practice 13.5 Conduct of Virtual Meeting

In line with Practice 13.5 of the MCGG 2021, the Board had assessed the need to conduct virtual meeting and of the opinion that the conduct of virtual meeting is not necessary. However, the Board shall consider adopting such recommendation when there are large number of shareholders or meetings held in remote locations.

Practice 13.6 Circulation of Minutes of General Meeting

In line with Practice 13.6 of the MCGG 2021, the Company has published the outcome of last year's general meeting on its website within 30 business days after the completion of the general meeting.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This statement is prepared in compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and it is to be read together with the Corporate Governance Report 2025 of the Company which is available in the Company's website at www.coastalcontracts.com.

The Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 16 April 2026.

Statement On Risk Management And Internal Control

The Board of Directors (“Board”) is pleased to present the Group’s Statement on Risk Management and Internal Control for the financial year ended 31 December 2025. This statement has been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Paragraph 15.26(b), and in compliance with Malaysian Code on Corporate Governance 2021.

RESPONSIBILITY

The Board of Directors recognises the importance of sound systems of internal control and effective risk management practices to safeguard shareholders’ investments and the Group’s assets.

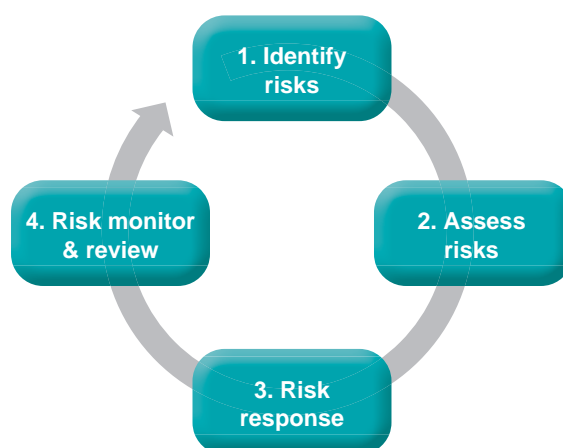
The Board confirms that there is an ongoing process for identifying, assessing and managing the principal risks faced by the Group, which is in accordance with the guidance as contained in the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”. This process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory and business environment.

In view of the limitations inherent in any system of internal control, the Group’s internal control system can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risks that may impede the achievement of the Group’s business objectives.

The review of the risk management and internal control reports is delegated by the Board to the Audit Committee.

RISK MANAGEMENT FRAMEWORK

Risk management has been firmly embedded in the Group’s management system. It is a process of understanding and managing the risks that the Group is inevitably subject to in attempting to achieve its business objectives. The Board primary objective and direction in managing the Group’s risks are focused on sustaining the achievement of the Group’s business objectives with the lowest possible chance of failure. The Board and the Management are responsible to ensure there is an appropriate risk management process for identifying, assessing, responding, monitoring and reviewing significant risks faced by the Group in all aspects. The Management and Head of Departments are responsible for managing the risks of their respective departments on an ongoing basis.



The diagram above sets out the Group Risk Management framework. At least once a year, a Group-wide risk assessment is performed to identify the nature and extent of such risks and determine respective mitigating steps. The Group has formalised the Risk Register, which identifies the risks and associated mitigating control activities and future actions.

Risks are identified by assessing the probability and impact of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after identifying and evaluating the effectiveness of existing controls or mitigating measures.

The Group’s identified risks are categorised into external risks, business risks, financial risks and operational risks. Based on the Risk Register, the Board and the Management, after further analysis and discussion, shall annually review the previously identified risks, update their likelihood of occurrence and potential impact. Should there be new risks emerging as a result of the changing environment, the Board and the Management will update the Risk Register immediately and ensure appropriate action plans be taken in response to the new risks.

Statement On Risk Management And Internal Control (cont'd.)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Ad hoc and scheduled meetings at operation sites are held to identify, discuss and resolve operational issues. The Board is aware of and involved, when necessary, in resolving any significant issue identified at those meetings. The Group is structured as such that the heads of each operating unit have clear reporting line. There is also proper segregation of duties to ensure safe custody of the Group's assets.

The Executive Directors are actively involved in the day-to-day operations of the Group. The Executive Directors ensure that all employees have clear understanding of their roles and responsibilities and that the Group's operations are carried out in accordance with standards set and expected by the Board.

The Executive Directors have established a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

INTERNAL AUDIT FUNCTION

The Group outsources its Internal Audit function to an independent professional firm, whose remit is to the Audit Committee. During the financial year, the Internal Auditors have carried out the internal audit and presented their report to the Audit Committee. The Audit Committee has deliberated on the contents of the report and is satisfied that appropriate actions are being taken to address all the weaknesses highlighted. The costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2025 was RM42,500.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In addition to the assurance received from the Executive Chairman and Chief Financial Officer on the adequacy and effectiveness of the Group's risk management and internal control system, the Board is of the view that the system of risk management and internal control, which has been implemented within the Group is sound and effective. It has not resulted in any material losses and contingencies during the financial year ended 31 December 2025. The risk management and internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report 2025. Their review has been performed in accordance with Audit and Assurance Practice Guide 3 ("APPG3") issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors reported to the Board that nothing has come to their attention which has caused them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually incorrect.

This statement was presented and approved at the Board of Directors' Meeting held on 16 April 2026.

Additional Compliance Information

- Utilisation of Proceeds**

There were no proceeds raised from any corporate proposal during the financial year.

- Audit and Non-Audit Fees**

Audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2025 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follows:

Category	Audit Fees (RM)	Non-Audit Fees (RM)
Company	80,000	147,960
Subsidiaries	285,594	24,246
	365,594	172,206

- Material Contract**

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

- Recurrent Related Party Transactions**

The details of the related party transactions can be found on page 181 and 182.



Statement Of Directors' Responsibility For Preparing The Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgement and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made due enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

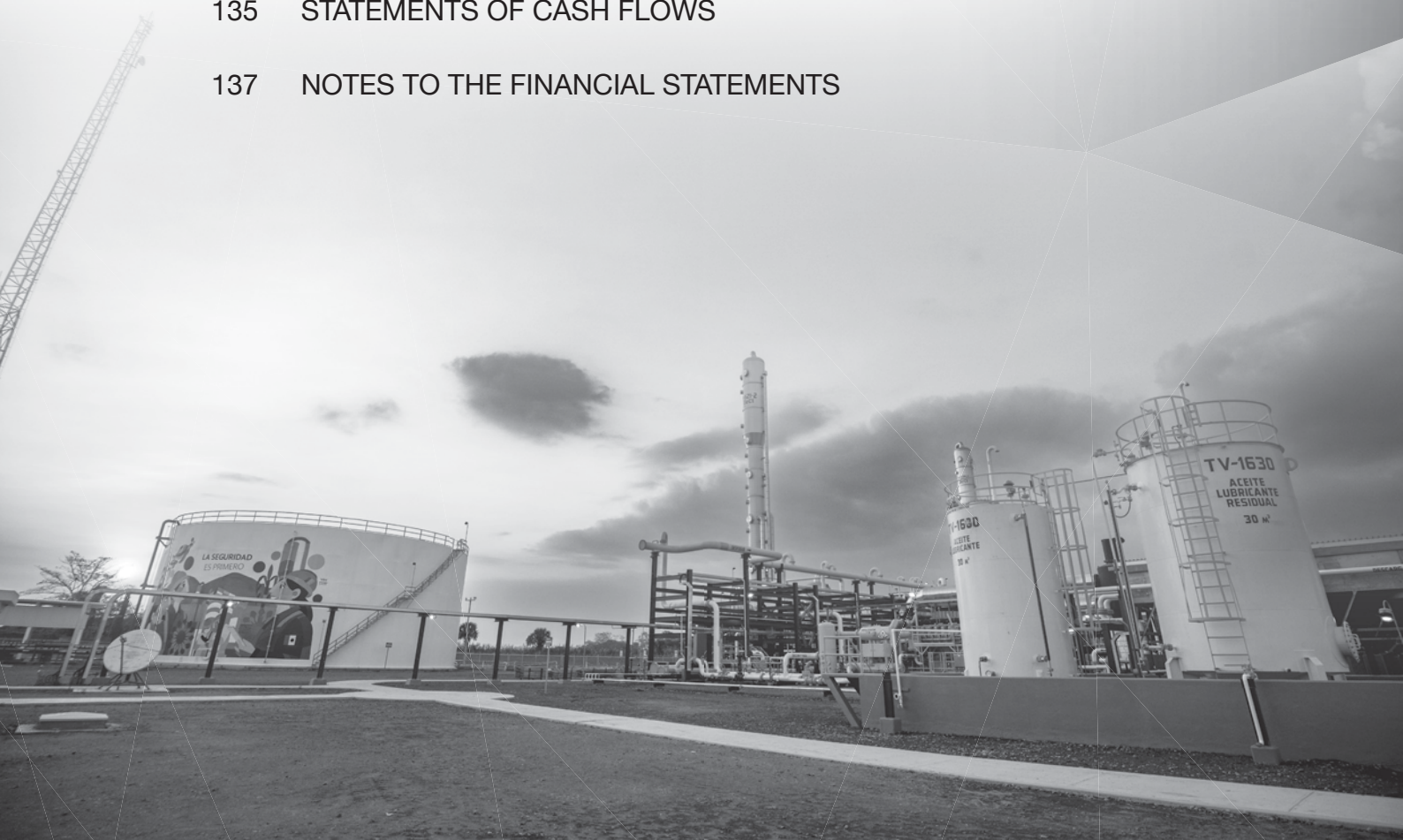
The Directors have responsibility for ensuring the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group as well as to prevent and detect fraud and other irregularities.

The above statement of the Directors' responsibilities for preparing the financial statements was made in accordance with a Board resolution dated 16 April 2026.

FINANCIAL STATEMENTS

115	DIRECTORS' REPORT
120	STATEMENT BY DIRECTORS
120	STATUTORY DECLARATION BY OFFICER
121	INDEPENDENT AUDITORS' REPORT
126	STATEMENTS OF PROFIT OR LOSS
127	STATEMENTS OF COMPREHENSIVE INCOME
128	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
130	STATEMENT OF FINANCIAL POSITION
132	STATEMENTS OF CHANGES IN EQUITY
135	STATEMENTS OF CASH FLOWS
137	NOTES TO THE FINANCIAL STATEMENTS



Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Loss net of tax	<u>(53,069,672)</u>	<u>(130,156,267)</u>
Attributable to:		
Owners of the Company	(48,363,357)	(130,156,267)
Non-controlling interests	<u>(4,706,315)</u>	<u>-</u>
	<u>(53,069,672)</u>	<u>(130,156,267)</u>

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The Company paid a special interim single tier dividend of 5 sen per ordinary share amounting to RM27,156,050 for the financial year ended 31 December 2024 on 15 April 2025.

On 16 April 2026, the Company declared a special interim single tier dividend of 3 sen per ordinary share for the current financial year, payable on 22 May 2026, to shareholders whose names appearing in the record of depositors on 5 May 2026. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

The Directors do not recommend any final dividend to be paid in respect of the current financial year.

Directors

The names of the Directors of the Company who served during the financial year and up to the date of this report are as follows:

Ng Chin Heng
Ng Chin Shin
Alice Ng
Intizam Bin Ayub
Seeto Yee @ Seeto Tin Yee
Teo Gim Suan (Appointed on 1 September 2025)
Jacob O Pang Su Yin (Resigned on 1 August 2025)

Directors' Report (cont'd.)

Directors (cont'd)

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are as follows:

Pang Fong Thau
Ng Chin Keuan
Ng Chin Kok
Ng San Chen
Liow Ming Yew
Lau Joo Ting
Bali Bin Wutung
Ng San Yang
Chin Kah Kit, Derrick
Kong Wei Ket
Lo Ming Liong
Mohd Safwan Bin Ramli (Appointed on 7 March 2025)

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with any 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 a company in which certain Directors have substantial financial interests as disclosed in Note 33 to the financial statements.

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	Company RM
Fees	134,200	134,200
Salaries, wages and bonuses	3,266,822	-
Defined contribution benefits	69,632	-
	<u>3,470,654</u>	<u>134,200</u>

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Company was RM46,994.

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company during the financial year amounted to RM19,450.

Directors' Report (cont'd.)

Directors' Interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares and options over unissued shares of the Company during the financial year are as follows:

	Number of Ordinary Shares			At 31.12.2025
	At 1.1.2025	Acquired	Sold	
The Company				
Direct Interests:				
Ng Chin Heng	29,706,700	8,040,000	-	37,746,700
Ng Chin Shin	24,291,320	-	-	24,291,320
Alice Ng	457,266	820,000	(492,700)	784,566
Intizam Bin Ayub	80,000	-	-	80,000
Indirect Interests:				
Ng Chin Heng (#)	216,532,634	1,760,000	-	218,292,634

Interest by virtue of shares held by spouse, children and by Ivory Asia Sdn. Bhd.

	Number of Options Over Unissued Ordinary Shares			At 31.12.2025
	At 1.1.2025	Granted	Exercised	
The Company				
Ng Chin Heng	3,800,000	-	(3,040,000)	760,000
Ng Chin Shin	1,760,000	-	-	1,760,000
Alice Ng	2,200,000	-	(820,000)	1,380,000
Intizam Bin Ayub	120,000	-	-	120,000

Ng Chin Heng, by virtue of his interests in shares in the Company, is deemed interested in the shares of all the subsidiaries to the extent the Company has an interest, in accordance with Section 8 of the Companies Act 2016.

The other Directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid-up share capital from RM324,964,694 to RM336,123,490 by way of the issuance of 9,053,790 new ordinary shares from the exercise of options under the Company's Employees' Share Option Scheme at the exercise price of RM0.99 per ordinary share.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

Treasury Shares

During the financial year, the Company repurchased 3,218,000 of its issued ordinary shares from the open market at an average price of approximately RM1.27 per share. The total consideration paid for the repurchase including transaction costs was RM4,096,936. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2025, the Company held as treasury shares a total of 17,724,200 of its 558,939,211 issued and fully paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM21,114,455 and further relevant details are disclosed in Note 30 to the financial statements.

Directors' Report (cont'd.)

Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employees' Share Option Scheme below.

Employees' Share Option Scheme

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 16 December 2021. The ESOS is to be in force for a period of 5 years effective from 16 December 2021.

The details of the ESOS are disclosed in Note 30(c) to the financial statements.

Other Statutory Information

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for impairment losses on receivables inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (cont'd.)

Subsidiaries

The details of the Group's subsidiaries are disclosed in Note 15 to the financial statements.

Significant Events During The Financial Year

The significant events of the Group during the financial year are disclosed in Note 42 to the financial statements.

Event Occurring After The Reporting Period

The event occurring after the reporting period of the Group is disclosed in Note 43 to the financial statements.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company for the financial year are RM365,594 and RM80,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors neither during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 April 2026.

Ng Chin Heng

Ng Chin Shin

Statement by Directors/ Statutory Declaration

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Ng Chin Heng and Ng Chin Shin, being two of the Directors of Coastal Contracts Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 126 to 203 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 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 April 2026.

Ng Chin Heng

Ng Chin Shin

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kong Wei Ket, MIA Membership Number: CA34621, being the officer primarily responsible for the financial management of Coastal Contracts Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 126 to 203 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovementioned Kong Wei Ket
at Sandakan in the State of Sabah
on this 24 April 2026.

Kong Wei Ket

Before me

Independent Auditors' Report

to the members of COASTAL CONTRACTS BHD.

(Incorporated in Malaysia)

Registration No. 200001015043 (517649-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Coastal Contracts 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, statements of 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 126 to 203.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment Assessment on Trade Receivables	
Refer to Note 22 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Trade receivables are a major component of the financial position of the Group.</p> <p>The Group assessed at each reporting date whether the trade receivables carried at amortised cost are credit-impaired. The Group have applied simplified method to determine the allowance for impairment of trade receivables. The expected credit loss model involves the use of various assumptions, economic factors and historical credit behaviour of trade receivables.</p> <p>There is significant degree of management estimation and judgement involved in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ 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. ■ Reviewing the recoverability of major receivables including but not limited to the review of subsequent collections. ■ Reviewing the ageing of trade receivables. ■ Reviewing collections and sales trends during the financial year of major receivables.

Independent Auditors' Report

to the members of COASTAL CONTRACTS BHD. (cont'd.)

(Incorporated in Malaysia)

Registration No. 200001015043 (517649-A)

Investment in a Joint Venture	
Refer to Note 16(b) to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group's 50% interest in the investment of a significant joint venture for the financial year is accounted for under the equity method. The Group's share of profit after taxation and net assets of the joint venture was RM89.5 million and RM342.9 million respectively.</p> <p>In the context of our audit of the Group's consolidated financial statements, the key audit matters relating to the Group's share of profit after taxation and net assets of the joint venture are as follows:</p> <p>(i) Revenue and profit recognition</p> <p>Given the significant risk involved when auditing revenue, we have reviewed the component auditor's working papers to ensure sufficient audit procedures had been performed, and the joint venture's revenue recognition policy was consistent with the accounting standards and has been applied consistently. This scrutiny extends to profit recognition, given the importance of accurately reporting joint venture's profits to ensure the reliability of the financial statements.</p> <p>(ii) Impairment assessment of trade receivables</p> <p>The assessment on impairment of trade receivables involves significant management estimation and judgement in the calculation of expected credit loss, risk of default and the inherent uncertainties during the estimation process.</p>	<p>We have communicated with the joint venture's component auditor and discussed their identified audit risk areas. The audited financial information of the component auditor is used as evidence in the Group audit.</p> <p>The procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ Evaluating the competence and independence of the component auditor of the joint venture. ■ Determining and communicating the audit risk areas in the context of the Group's consolidated financial statements to the component auditor of the joint venture. ■ Reviewing the working papers of the component auditor of the joint venture. ■ Determining adequacy of the work performed to address the audit risk areas identified in the context of the Group's consolidated financial statements.

Independent Auditors' Report

to the members of COASTAL CONTRACTS BHD. (cont'd.)

(Incorporated in Malaysia)

Registration No. 200001015043 (517649-A)

Impairment Assessment on Property, Plant and Equipment Refer to Note 17 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Property, plant and equipment constitute a significant portion of the financial position. There is a risk associated with assessing the recoverable amount of certain operating assets, particularly those related to vessel chartering. Unfavorable macro-economic factors may contribute to a potential decline in the value of property, plant and equipment, both in terms of value in use and fair value less cost of disposal.</p> <p>Assessing the recoverability of these assets relies on considering market conditions, asset-specific factors, the legal and regulatory environment, future cash flows, discount rates, external indicators, changes in use, impairment triggers, and consistency in testing methods and assumptions.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ■ Assessing whether there is any indication that an asset may be impaired. If any such indications exists, estimate the recoverable amount of the asset. ■ Evaluating the qualification, competence and independence of the external expert valuer and reviewing the terms of engagement of the expert appointed by the Group to determine whether there were any matters that might have affected their objectivity. ■ Assessing the methodology adopted by management and its appointed expert valuer in calculating the fair market value of the vessels. ■ Reviewing the reasonableness and validating the assumptions used by management and its appointed expert valuer in arriving at the vessel valuation. ■ Checking the accuracy and relevance of the input data provided by management to the external expert valuer.

There are no key audit matters to report for the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

to the members of COASTAL CONTRACTS BHD. (cont'd.)

(Incorporated in Malaysia)

Registration No. 200001015043 (517649-A)

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.
- 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 financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

to the members of COASTAL CONTRACTS BHD. (cont'd.)

(Incorporated in Malaysia)

Registration No. 200001015043 (517649-A)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

24 April 2026

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

Statements of Profit or Loss

For the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	5	56,080,843	77,763,862	926,961	81,552,602
Cost of sales		(41,341,678)	(73,302,563)	-	-
Gross profit		14,739,165	4,461,299	926,961	81,552,602
Other items of income					
Interest income	6	5,383,151	88,013,718	873,909	256,442
Other income	7	43,645,412	263,180,826	34,931,192	14,162,649
Net reversal of impairment loss on receivables	8	-	-	1,259,935	20,695,528
Other items of expenses					
Administrative expenses		(22,388,077)	(21,334,044)	(2,302,900)	(2,272,137)
Finance costs	9	(1,531,522)	(3,156,993)	(719,769)	(2,257,751)
Other expenses		(140,949,902)	(63,911,887)	(164,495,196)	(128,438,637)
Net impairment loss on receivables	8	(39,991,731)	(152,240,643)	-	-
Share of profit of joint venture, net of tax	16(b)	89,467,752	68,713,983	-	-
(Loss)/Profit before tax	10	(51,625,752)	183,726,259	(129,525,868)	(16,301,304)
Income tax expense	13	(1,443,920)	(18,562,597)	(630,399)	(62,695)
(Loss)/Profit net of tax		(53,069,672)	165,163,662	(130,156,267)	(16,363,999)
(Loss)/Profit attributable to:					
Owners of the Company		(48,363,357)	163,027,786	(130,156,267)	(16,363,999)
Non-controlling interests		(4,706,315)	2,135,876	-	-
		(53,069,672)	165,163,662	(130,156,267)	(16,363,999)
(Loss)/Earnings per share attributable to owners of the Company (sen):					
Basic	14	(8.94)	30.50		
Diluted	14	(8.84)	29.75		

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

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2025

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/Profit net of tax	(53,069,672)	165,163,662	(130,156,267)	(16,363,999)
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income will be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(37,108,456)	(60,080,683)	-	-
Share of other comprehensive income/ (loss) of joint venture	4,381,064	(57,983,582)	-	-
Net other comprehensive loss will be reclassified to profit or loss in subsequent periods	(32,727,392)	(118,064,265)	-	-
Total comprehensive (loss)/income for the year	(85,797,064)	47,099,397	(130,156,267)	(16,363,999)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(79,923,597)	45,334,359	(130,156,267)	(16,363,999)
Non-controlling interests	(5,873,467)	1,765,038	-	-
	(85,797,064)	47,099,397	(130,156,267)	(16,363,999)

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

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 RM	2024 RM
ASSETS			
NON-CURRENT ASSETS			
Investments in joint ventures	16	342,914,213	250,123,446
Property, plant and equipment	17	277,274,865	306,673,391
Right-of-use assets	18	32,202,225	32,873,034
Investment properties	19	2,952,875	3,034,899
Investment securities	20	12,897,474	12,379,376
		<u>668,241,652</u>	<u>605,084,146</u>
CURRENT ASSETS			
Inventories	21	214,286,773	119,272,383
Trade and other receivables	22	13,262,411	110,040,989
Contract assets	23	87,503	376,292
Short-term investments	24	688,135,248	774,368,147
Tax recoverable		1,940,142	3,676,674
Cash and bank balances	25	169,903,534	267,587,690
		<u>1,087,615,611</u>	<u>1,275,322,175</u>
TOTAL ASSETS		<u>1,755,857,263</u>	<u>1,880,406,321</u>
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	26	13,208,820	29,979,873
Lease liabilities	27	1,124,556	1,109,972
Trade and other payables	28	45,213,046	42,246,745
Contract liabilities	23	-	994
Income tax payable		136,757	2,580,988
		<u>59,683,179</u>	<u>75,918,572</u>
NET CURRENT ASSETS		<u>1,027,932,432</u>	<u>1,199,403,603</u>

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

Consolidated Statement of Financial Position

As at 31 December 2025 (cont'd.)

	Note	2025 RM	2024 RM
NON-CURRENT LIABILITIES			
Loans and borrowings	26	540,755	963,176
Lease liabilities	27	53,594	13,991
Deferred tax liabilities	29	2,099,589	2,080,001
		2,693,938	3,057,168
TOTAL LIABILITIES		62,377,117	78,975,740
NET ASSETS		1,693,480,146	1,801,430,581
EQUITY			
Share capital	30	336,123,490	324,964,694
Treasury shares	30	(21,114,455)	(17,017,519)
Other reserves	31	227,685,903	261,466,252
Retained earnings		1,137,908,353	1,213,402,360
		1,680,603,291	1,782,815,787
Equity attributable to owners of the Company			
Non-controlling interests		12,876,855	18,614,794
		1,693,480,146	1,801,430,581
TOTAL EQUITY		1,693,480,146	1,801,430,581
TOTAL EQUITY AND LIABILITIES		1,755,857,263	1,880,406,321

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

Statement of Financial Position

As at 31 December 2025

	Note	2025 RM	2024 RM
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	15	330,980,374	337,717,663
Property, plant and equipment	17	48,627	36,026
Right-of-use assets	18	36,732	5,737
Investment securities	20	6,904,368	6,736,436
Other receivables	22	9,727,280	-
		<u>347,697,381</u>	<u>344,495,862</u>
CURRENT ASSETS			
Other receivables	22	109,919,271	67,664,780
Short-term investments	24	681,982,098	767,997,038
Tax recoverable		1,644,102	3,384,017
Cash and bank balances	25	41,314,446	168,134,578
		<u>834,859,917</u>	<u>1,007,180,413</u>
TOTAL ASSETS		<u>1,182,557,298</u>	<u>1,351,676,275</u>
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Loans and borrowings	26	-	16,656,432
Lease liabilities	27	17,972	5,861
Other payables	28	251,410	302,644
		<u>269,382</u>	<u>16,964,937</u>
NET CURRENT ASSETS		<u>834,590,535</u>	<u>990,215,476</u>

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

Statement of Financial Position

As at 31 December 2025 (cont'd.)

	Note	2025 RM	2024 RM
NON-CURRENT LIABILITIES			
Lease liabilities	27	18,760	-
Deferred tax liabilities	29	8,416	4,597
		<u>27,176</u>	<u>4,597</u>
TOTAL LIABILITIES		<u>296,558</u>	<u>16,969,534</u>
NET ASSETS		<u>1,182,260,740</u>	<u>1,334,706,741</u>
EQUITY			
Share capital	30	336,123,490	324,964,694
Treasury shares	30	(21,114,455)	(17,017,519)
Other reserves	31	5,948,773	8,168,882
Retained earnings	32	861,302,932	1,018,590,684
TOTAL EQUITY		<u>1,182,260,740</u>	<u>1,334,706,741</u>
TOTAL EQUITY AND LIABILITIES		<u>1,182,557,298</u>	<u>1,351,676,275</u>

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025 (cont'd.)

Group	Note	← Attributable to Owners of the Company →						Equity, Total RM
		Share Capital RM	Treasury Shares RM	Other Reserves RM	Retained Earnings RM	Total RM	Non- Controlling Interests RM	
2024								
Opening balance at 1 January 2024		321,263,127	(17,017,519)	379,920,930	1,050,341,623	1,734,508,161	14,233,961	1,748,742,122
Foreign currency translation differences for foreign operations		-	-	(59,709,845)	-	(59,709,845)	(370,838)	(60,080,683)
Share of other comprehensive loss of joint venture		-	-	(57,983,582)	-	(57,983,582)	-	(57,983,582)
Total other comprehensive loss		-	-	(117,693,427)	-	(117,693,427)	(370,838)	(118,064,265)
Profit for the year		-	-	-	163,027,786	163,027,786	2,135,876	165,163,662
Total comprehensive income		-	-	(117,693,427)	163,027,786	45,334,359	1,765,038	47,099,397
Transactions with owners:								
Share options:	31	-	-	(32,951)	32,951	-	-	-
- value of options forfeited		3,701,567	-	(728,300)	-	2,973,267	-	2,973,267
- share options exercised		-	-	-	-	-	-	-
Dividend by a subsidiary to non-controlling interests		-	-	-	-	-	(945,626)	(945,626)
Total transactions with owners		3,701,567	-	(761,251)	32,951	2,973,267	(945,626)	2,027,641
Acquisition of a subsidiary		-	-	-	-	-	3,561,421	3,561,421
Closing balance at 31 December 2024		324,964,694	(17,017,519)	261,466,252	1,213,402,360	1,782,815,787	18,614,794	1,801,430,581

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025 (cont'd.)

Company	Note	Share Capital RM	Treasury Shares RM	Share Option Reserve RM	Retained Earnings RM	Equity, Total RM
2025						
Opening balance at 1 January 2025		324,964,694	(17,017,519)	8,168,882	1,018,590,684	1,334,706,741
Loss for the year		-	-	-	(130,156,267)	(130,156,267)
Transactions with owners:						
Purchase of treasury shares	30	-	(4,096,936)	-	-	(4,096,936)
Share options:						
- value of options forfeited	31	-	-	(24,565)	24,565	-
- share options exercised		11,158,796	-	(2,195,544)	-	8,963,252
Dividend	41	-	-	-	(27,156,050)	(27,156,050)
Total transactions with owners		11,158,796	(4,096,936)	(2,220,109)	(27,131,485)	(22,289,734)
Closing balance at 31 December 2025		336,123,490	(21,114,455)	5,948,773	861,302,932	1,182,260,740
2024						
Opening balance at 1 January 2024		321,263,127	(17,017,519)	8,930,133	1,034,921,732	1,348,097,473
Loss for the year		-	-	-	(16,363,999)	(16,363,999)
Transactions with owners:						
Share options:						
- value of options forfeited	31	-	-	(32,951)	32,951	-
- share options exercised		3,701,567	-	(728,300)	-	2,973,267
Total transactions with owners		3,701,567	-	(761,251)	32,951	2,973,267
Closing balance at 31 December 2024		324,964,694	(17,017,519)	8,168,882	1,018,590,684	1,334,706,741

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Operating Activities					
(Loss)/Profit before tax		(51,625,752)	183,726,259	(129,525,868)	(16,301,304)
<u>Adjustments for:</u>					
Dividend income	5	-	-	(926,961)	(81,552,602)
Interest income	6	(5,383,151)	(88,013,718)	(873,909)	(256,442)
Fair value gain on investment securities	7	(951,026)	(756,947)	(600,860)	-
Fair value gain on short-term investments	7	(21,122,722)	(6,944,434)	(21,115,564)	(6,907,381)
Gain on disposal of plant and equipment	7	(86,344)	(58,144,905)	-	(722)
Income from investments	7	(13,579,465)	(1,750,727)	(13,200,101)	(1,228,742)
Premium income arising from guarantee contracts issued	7	-	-	-	(553)
Reversal of inventories written down	7	(50,070)	(36,584)	-	-
Waiver of debts	7	-	(147,655,190)	-	-
Net impairment loss/(reversal of impairment loss) on receivables	8	39,991,731	152,240,643	(1,259,935)	(20,695,528)
Amortisation of transaction costs capitalised	9	126,693	126,693	126,693	126,693
Interest expense	9	1,316,583	2,968,986	593,076	2,131,058
Deposits written off	10	160,000	-	-	-
Depreciation of investment properties	10	82,024	82,024	-	-
Depreciation of property, plant and equipment	10	31,988,274	32,819,374	12,543	10,883
Depreciation of right-of-use assets	10	1,885,721	1,771,245	5,737	5,737
Fair value loss on investment securities	10	-	422,524	-	422,524
Fair value loss on short-term investments	10	-	105,632	-	-
Impairment loss on investments in subsidiaries	10	-	-	83,112,289	108,135,525
Impairment loss on plant and equipment	10	-	20,033,910	-	-
Investments in subsidiaries written off	10	-	-	-	6,131
Plant and equipment written off	10	55,347	1,537	104	1
Share of profit of joint venture		(89,467,752)	(68,713,983)	-	-
Net unrealised loss/(gain) on foreign exchange		67,255,376	(8,569,502)	64,181,899	(6,010,165)
Total adjustments		12,221,219	(170,013,422)	110,055,011	(5,813,583)
Operating cash flows before changes in working capital		(39,404,533)	13,712,837	(19,470,857)	(22,114,887)
<u>Changes in working capital</u>					
Net change in accounts with subsidiaries		-	-	(45,760,025)	4,935,471
Increase in inventories		(106,812,168)	(88,339,825)	-	-
Decrease/(Increase) in receivables		3,804,684	(21,683,539)	145,383	(241,975)
Decrease in contract assets		261,069	5,183,930	-	-
Increase/(Decrease) in payables		6,638,307	(2,696,975)	(3,918)	(159,960)
Decrease in contract liabilities		(994)	(6,756,877)	-	-
Total changes in working capital		(96,109,102)	(114,293,286)	(45,618,560)	4,533,536
Cash flows used in operations		(135,513,635)	(100,580,449)	(65,089,417)	(17,581,351)
Interest paid	25(b)	(1,386,880)	(3,007,376)	(640,392)	(2,195,534)
Net income tax (paid)/refunded		(1,942,388)	(19,313,647)	1,113,335	(1,968,739)
Net cash flows used in operating activities		(138,842,903)	(122,901,472)	(64,616,474)	(21,745,624)

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Investing Activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		-	(33,999,803)	-	-
Acquisition of property, plant and equipment	17	(28,426,416)	(1,468,047)	(25,248)	(25,791)
Increase in investments in subsidiaries		-	-	(76,375,000)	(35,724,815)
Income received from investments		13,579,465	1,750,727	13,200,101	1,228,742
Interest received		7,968,534	120,656,029	855,363	256,284
Loan to a subsidiary		-	-	(9,727,280)	-
Net dividend received		-	-	926,961	81,552,602
Net proceeds from disposal of investment securities		5,841	24,232	5,841	24,232
Net proceeds from disposal of/(placement in) short-term investments		49,750,916	(589,612,756)	49,525,799	(588,989,651)
Placement of fixed deposits pledged to a licenced bank		(2,700,000)	-	(2,700,000)	-
Proceeds from redemption of preference shares in a subsidiary		-	-	-	735,432,894
Proceeds from disposal of plant and equipment		224,097	101,084,716	-	1,000
Repayment of loan from a joint venture		47,118,526	675,932,036	-	-
Net cash flows from/(used in) investing activities		87,520,963	274,367,134	(24,313,463)	193,755,497
Financing Activities					
Dividend paid on ordinary shares	41	(27,156,050)	-	(27,156,050)	-
Dividend paid to non-controlling interests		-	(945,626)	-	-
Purchase of treasury shares		(4,096,936)	-	(4,096,936)	-
Proceeds from exercise of ESOS		8,963,252	2,973,267	8,963,252	2,973,267
Proceeds from issuance of ordinary shares to non-controlling interests		136,363	-	-	-
Proceeds from drawdown of loans	25(b)	-	22,405	-	-
Repayment of loans and borrowings	25(b)	(17,213,483)	(24,375,858)	(16,783,125)	(17,212,500)
Repayment of lease liabilities	25(b)	(1,160,954)	(1,074,620)	(5,861)	(5,613)
Net cash flows used in financing activities		(40,527,808)	(23,400,432)	(39,078,720)	(14,244,846)
Net (decrease)/increase in cash and cash equivalents		(91,849,748)	128,065,230	(128,008,657)	157,765,027
Effect of foreign exchange rate changes		(8,534,408)	(30,554,609)	(1,511,475)	(417,035)
Cash and cash equivalents at beginning of year		267,587,690	170,077,069	168,134,578	10,786,586
Cash and cash equivalents at end of year	25(a)	167,203,534	267,587,690	38,614,446	168,134,578

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Block G, Lot 3B, Bandar Leila, W. D. T. 259, 90009 Sandakan, Sabah. The principal place of business is located at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah. The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2. Basis of Preparation

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

2.1 Adoption of New and/or Amended Accounting Standards

On 1 January 2025, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2025.

Description

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above amended MFRS did not have any material impact on the Group's and the Company's financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

2. Basis of Preparation (cont'd)

2.2 Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRSs and/or IC Interpretations (Including The Consequential Amendments)	
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
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:

MFRS 18: Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The Group and the Company are currently assessing the impact of implementing this new standard.

3. Material Accounting Policy Information

3.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- (i) Has power over the investee;
- (ii) Is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) Has the ability to use its power to affect its returns.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

3. Material Accounting Policy Information (cont'd)

3.1 Basis of Consolidation (cont'd)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiary is attributed to the owners of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 Investments in Subsidiaries

Investments in subsidiaries (including the share options granted to employees of the subsidiaries), which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

3.3 Investments in Joint Ventures

Investments in joint ventures are stated in the financial statements of the Group at cost less impairment losses, if any. The Group recognises its interest in the joint ventures using the equity method.

3.4 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less impairment losses.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is calculated using the straight-line basis to allocate their depreciable amounts over the estimated useful lives. The estimated useful lives are as follows:

Buildings and workshops	10 - 15 years
Heavy machinery and equipment	5 - 18 years
Motor vehicles	5 years
Renovation	5 - 10 years
Slipway and shipyard infrastructure	10 - 20 years
Telecommunications and office equipment, furniture and fittings	5 - 10 years
Vessels and offshore assets	12 - 15 years

Construction work-in-progress are not depreciated until such time when the asset is available for use.

3.5 Investment Properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line basis to allocate the depreciable amounts over the estimated useful lives of the assets of 50 years.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

3. Material Accounting Policy Information (cont'd)

3.6 Financial Instruments

(a) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial liabilities

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

3.7 Inventories

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

The cost of raw materials and spare parts are determined using the weighted average method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress are determined using specific identification of their individual costs. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

3. Material Accounting Policy Information (cont'd)

3.8 Right-of-Use Assets and Lease Liabilities

(a) Short-term leases and leases of low-value assets

The Group and the Company apply the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.9 Revenue and Other Income

(a) Construction of vessels

The Group builds vessels under long-term construction contracts on both build-to-order and build-to-stock basis. For build-to-order vessels, it typically commences the construction process only upon securing a firm order from a customer. For build-to-stock vessels, however, it commences the construction of the vessels in anticipation of future or potential orders and seeks to sell the vessels to customers at a later stage when the selling prices are favourable.

Revenue from construction contract for built-to-order vessel is recognised over time in the period in which the services are rendered using the output method by reference to the construction progress based on the physical proportion of construction work. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group has assessed and determined that the performance obligations for built-to-stock vessels are satisfied at a point in time as none of the criteria for satisfaction of performance obligations over time is met. The Group's performance does not create an asset with alternative use to the Group and the Group does not have an enforceable right to payment for work completed to date.

(b) Chartering services

The service element of the Group's charter contracts is recognised over time in the period when the services are rendered, since the performance obligation is satisfied over time. When the customer simultaneously receives and consumes the benefits provided by the Group's performance (such as revenues from reimbursements, bunkers and other goods and services provided to customers), related revenues are recognised in the period in which such goods or services are transferred to the customers.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

3. Material Accounting Policy Information (cont'd)

3.9 Revenue and Other Income (cont'd)

(c) Ship repair and maintenance services

Revenue from providing ship repair and maintenance are recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For variable-price contracts, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Past experience is used to estimate and provide for the variable consideration.

(d) Rental income

Rental income from investment property is recognised in profit or loss as it accrues over the term of the lease.

(e) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(f) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(g) Service fee income

Service fee income is recognised in profit or loss when services are rendered.

4. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the vessels construction and transportation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at the reporting date is disclosed in Note 17 to the financial statements.

(b) Impairment of receivables and contract assets

The loss allowances for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The contract assets are grouped with receivables for impairment assessment because they have substantially the same risk characteristics as the receivables for the same types of contracts. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of receivables and contract assets as at the reporting date are disclosed in Notes 22 and 23 to the financial statements respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

4. Significant Accounting Judgements and Estimates (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. (cont'd)

(c) Impairment of non-financial assets

The Group determines whether an item of its non-financial assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates and volatility in markets in which the Group operates. The carrying amounts of these non-financial assets as at the reporting date are disclosed in Notes 15, 16, 17, 18 and 19 to the financial statements respectively.

(d) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at reporting date is disclosed in Note 21 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below.

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

5. Revenue

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue recognised at a point in time:				
- Dividend income	-	-	926,961	81,552,602
Revenue recognised over time:				
- Contract fee income	-	11,721	-	-
- Vessel repairs and service income	8,110,650	23,809,862	-	-
- Vessel chartering income	47,970,193	53,942,279	-	-
	56,080,843	77,763,862	926,961	81,552,602

The information on the disaggregation of revenue is disclosed in Note 40 to the financial statements.

The information about the performance obligations in contracts with customers is summarised below:

Nature of Goods or Services	Timing and Method of Revenue Recognition	Significant Payment Terms	Warranty
Vessel chartering services	Over time in the period when the services are rendered.	Payment terms ranging from 7 days prior to the commencement of each month to 30 days from the invoice date.	Not applicable.
Vessel repairs and maintenance services	Over time based on percentage of completion.	Credit period of 30 days from the invoice date.	Contract-by-contract basis. Warranty period ranging from 6 months to 1 year.
Sale of vessel	Point in time when vessel is delivered.	Contract-by-contract basis. Based on contractual agreed terms.	Not applicable.

(i) There were no variable elements in the sales consideration and no obligation to returns or refunds to the customers.

6. Interest Income

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest income from:				
- Short-term deposits	4,048,568	9,041,603	852,326	256,442
- Loans and receivables	1,334,583	78,972,115	21,583	-
	5,383,151	88,013,718	873,909	256,442

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

7. Other Income

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Commission income	14,527	15,086	14,527	15,086
Fair value gain:				
- investment securities	951,026	756,947	600,860	-
- short-term investments	21,122,722	6,944,434	21,115,564	6,907,381
Gain on disposal of plant and equipment	86,344	58,144,905	-	722
Gain on foreign exchange:				
- realised	2,203,921	30,799,541	-	-
- unrealised	209,467	9,946,447	-	6,010,165
Income from investments	13,579,465	1,750,727	13,200,101	1,228,742
Lease income:				
- rental income from investment properties	313,358	289,569	-	-
- right-of-use assets	-	1,600	-	-
Premium income arising from guarantee contracts issued	-	-	-	533
Reversal of inventories written down	50,070	36,584	-	-
Service fee income	1,752,277	2,734,177	-	-
Sundry income	3,362,235	4,105,619	140	-
Waiver of debts	-	147,655,190	-	-
	43,645,412	263,180,826	34,931,192	14,162,649

8. Net Impairment Loss/(Reversal of Impairment Loss) on Receivables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Impairment loss during the financial year	41,345,837	155,359,806	-	-
Reversal of impairment loss	(1,354,106)	(3,119,163)	(1,259,935)	(20,695,528)
	39,991,731	152,240,643	(1,259,935)	(20,695,528)

9. Finance Costs

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest expense on:				
- Loans and borrowings	1,295,054	2,948,551	592,937	2,130,671
- Lease liabilities	21,529	20,435	139	387
	1,316,583	2,968,986	593,076	2,131,058
Amortisation of transaction costs capitalised	126,693	126,693	126,693	126,693
Bank facility fees	88,246	61,314	-	-
	1,531,522	3,156,993	719,769	2,257,751

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

10. (Loss)/Profit before Tax

The following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration:				
- statutory audits				
- current year	365,594	330,026	80,000	75,000
- underprovision in prior year/period	19,262	50,102	7,800	25,000
- other services	172,206	202,966	147,960	153,316
Depreciation:				
- property, plant and equipment (Note 17)	31,988,274	32,819,374	12,543	10,883
- right-of-use assets (Note 18)	1,885,721	1,771,245	5,737	5,737
- investment properties (Note 19)	82,024	82,024	-	-
Deposits written off	160,000	-	-	-
Direct operating expenses on investment properties	24,535	15,559	-	-
Directors' remuneration: (Note 12)				
- Directors of the Company	3,470,654	3,586,394	134,200	138,000
- Directors of subsidiaries	5,092,918	4,925,987	-	-
Employee benefits expenses (Note 11)	14,152,013	13,220,420	1,050,778	1,040,121
Equipment hire	2,000	7,700	-	-
Fair value loss:				
- investment securities	-	422,524	-	422,524
- short-term investments	-	105,632	-	-
Impairment loss:				
- investments in subsidiaries	-	-	83,112,289	108,135,525
- plant and equipment	-	20,033,910	-	-
Investments in subsidiaries written off	-	-	-	6,131
Incorporation expenses	1,900	14,808	-	-
Loss on foreign exchange:				
- realised	20,992,295	20,337,170	17,200,904	19,874,456
- unrealised	67,464,843	1,376,945	64,181,899	-
Plant and equipment written off	55,347	1,537	104	1
Rental expenses	29,353	22,404	-	-

11. Employee Benefits Expenses

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages and bonuses	12,857,467	11,991,702	928,742	920,630
Contributions to defined contribution benefits	1,199,395	1,142,447	113,518	112,140
Contributions to employment insurance system	6,777	6,268	874	754
Social security contributions	88,374	80,003	7,644	6,597
	14,152,013	13,220,420	1,050,778	1,040,121

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

12. Directors' Remuneration

The details of remuneration receivable by Directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	3,336,454	3,448,394	-	-
Non-Executive:				
Fees and allowances	134,200	138,000	134,200	138,000
	<u>3,470,654</u>	<u>3,586,394</u>	<u>134,200</u>	<u>138,000</u>
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	5,092,918	4,925,987	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Company was RM46,994 (2024: RM49,985).

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the subsidiaries was RM75,464 (2024: RM77,387).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

13. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of profit or loss:				
Current tax:				
- Malaysian tax	572,137	105,516	532,827	72,081
- Labuan business activity tax	-	138,711	-	-
- Foreign tax	701,074	18,500,039	22,838	23,275
	<u>1,273,211</u>	<u>18,744,266</u>	<u>555,665</u>	<u>95,356</u>
Under/(Over)provision in prior year/period:				
- Malaysian tax	70,706	(34,838)	70,915	(34,838)
- Foreign tax	(59,472)	(138,427)	-	-
	<u>11,234</u>	<u>(173,265)</u>	<u>70,915</u>	<u>(34,838)</u>
	<u>1,284,445</u>	<u>18,571,001</u>	<u>626,580</u>	<u>60,518</u>
Deferred income tax (Note 29):				
- Origination and reversal of temporary differences	161,274	(8,404)	5,618	2,177
- Overprovision in prior year/period	(1,799)	-	(1,799)	-
	<u>159,475</u>	<u>(8,404)</u>	<u>3,819</u>	<u>2,177</u>
Income tax expense recognised in profit or loss	<u>1,443,920</u>	<u>18,562,597</u>	<u>630,399</u>	<u>62,695</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

13. Income Tax Expense (cont'd)

Reconciliation between tax expense and (loss)/profit before tax

The reconciliation between tax expense and the (loss)/profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/Profit before tax	(51,625,752)	183,726,259	(129,525,868)	(16,301,304)
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(12,390,180)	44,094,302	(31,086,208)	(3,912,313)
Adjustments:				
Non-deductible expenses	21,018,136	32,217,312	40,147,324	31,924,083
Income not subject to taxation	(8,962,784)	(13,363,654)	(8,499,833)	(27,914,237)
Effect of different tax rates in Labuan	127,487	(22,471,562)	-	-
Effect of different tax rates in other jurisdictions	23,172,280	(5,574,661)	-	-
Effect of share of results in joint venture	(21,472,260)	(16,491,356)	-	-
Deferred tax assets not recognised	901,009	882,122	-	-
Utilisation of deferred tax assets previously not recognised	(959,203)	(556,641)	-	-
Under/(Over)provision in prior year/period:				
- current tax	11,234	(173,265)	70,915	(34,838)
- deferred tax	(1,799)	-	(1,799)	-
Income tax expense recognised in profit or loss	1,443,920	18,562,597	630,399	62,695

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

14. (Loss)/Earnings Per Share

Basic (loss)/earnings per share are calculated by dividing (loss)/profit for the financial year net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary share outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the (loss)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the financial years ended 31 December 2025 and 31 December 2024:

	Group	
	2025 RM	2024 RM
(Loss)/Profit net of tax attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share	(48,363,357)	163,027,786
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic (loss)/earnings per share computations*	541,063,659	534,555,565
Effects of dilution:		
- Share options	6,220,915	13,483,605
Weighted average number of ordinary shares for diluted (loss)/earnings per share computations*	547,284,574	548,039,170
Basic (loss)/earnings per ordinary share (sen)	(8.94)	30.50
Diluted (loss)/earnings per ordinary share (sen)	(8.84)	29.75

* The weighted average number of ordinary shares in issue was derived at after taking into account the weighted average effect of changes in treasury shares transactions.

15. Investments in Subsidiaries

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost	664,421,953	588,046,953
Accumulated impairment losses	(333,441,579)	(250,329,290)
	330,980,374	337,717,663

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

15. Investments in Subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held	
			2025 %	2024 %
(a) Subsidiaries of Coastal Contracts Bhd.				
Bonafide Shipbuilders & Repairs Sdn. Bhd.	Malaysia	Provision of ship repairs and maintenance services and sub-contract services.	100	100
Coastal Transport (Sandakan) Sdn. Bhd.	Malaysia	Provision of tugboat and barge transportation, vessel chartering and property letting.	100	100
Coastway Transport Sdn. Bhd.	Malaysia	Provision of vessel chartering and related services.	100	100
Seri Modalwan Sdn. Bhd.	Malaysia	Provision of ship repairs and maintenance services and sub-contract services.	100	100
Coastal Marine Pte. Ltd. #	Singapore	Investment holding, provision of vessel chartering and towing, marketing, ship delivery and other ancillary services.	100	100
Pleasant Engineering Sdn. Bhd.	Malaysia	Fabrication and sale of offshore support and marine transportation vessels, provision of ship repairs and maintenance services and provision of vessel chartering services.	100	100
Coastal Offshore (Labuan) Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels, provision of vessel chartering and leasing services.	100	100
Thaumas Marine Ltd. #	British Virgin Islands	Sale of offshore support and marine transportation vessels.	100	100
Ace Capital Pte. Ltd.	Malaysia	Temporary ceased operations.	100	100
Coastal International Marine Inc. #	British Virgin Islands	Sale of offshore support and marine transportation vessels and provision of vessel chartering services.	100	100

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

15. Investments in Subsidiaries (cont'd)

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

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held	
			2025 %	2024 %
(a) Subsidiaries of Coastal Contracts Bhd. (cont'd)				
Coastal Offshore Venture Pte. Ltd.	Malaysia	Sale of offshore support and marine transportation vessels, provision of vessel chartering and leasing services.	100	100
Coastal Drilling Pte. Ltd. #	Singapore	Investment holding.	100	100
Coastal Energy Solutions Pte. Ltd. #	Singapore	Provision of bareboat chartering services.	100	100
Coastal Dynamic Pte. Ltd. #	Singapore	Provision of vessel chartering, technical and operations services.	100	100
Coastal Hospitality Holdings Sdn. Bhd.	Malaysia	Investment holding.	100	100
Coastal Power Holdings Sdn. Bhd.	Malaysia	Investment holding.	100	100
Coastal Offshore Marine Inc. #	British Virgin Islands	Sale of offshore support and marine transportation vessels.	100	100
(b) Subsidiary of Coastal Marine Pte. Ltd.				
Coastoil, S.A. de C.V. *	Mexico	Management and operation of offshore vessel and other investment.	100	100
(c) Subsidiaries of Coastal Drilling Pte. Ltd.				
Elite Point Pte. Ltd. #	Singapore	Provision of liftboat chartering services.	80	80
Coastal Watt Energy Pte. Ltd. #	Singapore	Investment holding.	60	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

15. Investments in Subsidiaries (cont'd)

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

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held	
			2025 %	2024 %
(d) Subsidiary of Coastal Hospitality Holdings Sdn. Bhd.				
Jewel of Mabul Development Sdn. Bhd.	Malaysia	Development of an overwater bungalow resort.	82	82
(e) Subsidiary of Coastal Power Holdings Sdn. Bhd.				
Coastal Solar Sdn. Bhd. ^	Malaysia	Operation of renewable energy asset.	95	100

Audited by firms other than Crowe Malaysia PLT.

* 95% equity interest held by Coastal Marine Pte. Ltd. and 5% equity interest held by Coastal Drilling Pte. Ltd.

^ 90% equity interest held by Coastal Power Holdings Sdn. Bhd. and 5% equity interest held by Pleasant Engineering Sdn. Bhd.

(a) In the previous financial year, the Group acquired 82% equity interests in Jewel of Mabul Development Sdn. Bhd. ("JOMD"). The acquisition of JOMD was to enable the Group to expand its business into hospitality and tourism sector. The acquisition of JOMD did not constitute a business and had been accounted for as an asset acquisition.

As such, the purchase consideration was allocated to the individual identifiable assets and liabilities of JOMD on the basis of their relative fair values as the date of acquisition. The transaction had not given rise to any goodwill.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Group 2024 RM
Property, plant and equipment	11,831,227
Right-of-use assets	25,806,147
Cash and bank balances	2,509,062
Other payables	(1,585,015)
Fair value of net identifiable assets acquired	38,561,421
Less: Non-controlling interest's share of the fair value of net identifiable assets	(3,561,421)
Group's share of the fair value of net identifiable assets	35,000,000
Total purchase consideration, to be settled by cash	35,000,000
Less: Cash and bank balances of subsidiary acquired	(2,509,062)
Other payable assumed and settled	1,508,865
Net cash outflow from the acquisition of JOMD	33,999,803

(b) During the financial year, the Group has disposed of 5% equity interest in Coastal Solar Sdn. Bhd. for RM5,000 in cash. The financial effects of the disposal have not been presented as this subsidiary is not individually material to the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

15. Investments in Subsidiaries (cont'd)

(c) During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. An impairment loss of RM83,112,289 (2024: RM108,135,525), representing the write-down of the cost of investment, was recognised in "Other expenses" line item of the statements of profit or loss.

(d) The non-controlling interests at the end of the reporting period comprise the following:

	Percentage of Effective Interest Held		Group	
	2025 %	2024 %	2025 RM	2024 RM
Elite Point Pte. Ltd.	20	20	9,465,267	15,107,665
Jewel of Mabul Development Sdn. Bhd.	18	18	3,317,563	3,507,129
Other individually immaterial subsidiaries			94,025	-
			<u>12,876,855</u>	<u>18,614,794</u>

(e) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Elite Point Pte. Ltd.	
	2025 RM	2024 RM
<u>At 31 December</u>		
Non-current assets	38,549,444	38,173,898
Current assets	17,999,209	45,944,184
Current liabilities	(9,222,321)	(8,579,759)
Net assets	<u>47,326,332</u>	<u>75,538,323</u>
<u>Financial Year Ended 31 December</u>		
Revenue	43,290,193	48,416,377
(Loss)/Profit for the financial year	(22,397,182)	10,950,840
Total comprehensive (loss)/income	<u>(28,211,991)</u>	<u>9,096,649</u>
Total comprehensive (loss)/income attributable to non-controlling interests	(5,642,398)	1,819,330
Dividend paid to non-controlling interests	-	945,626
Net cash flows from operating activities	10,161,867	14,828,008
Net cash flows (used in)/from investing activities	(11,383,293)	377,117
Net cash flows used in financing activities	-	(18,433,020)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

15. Investments in Subsidiaries (cont'd)

- (e) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows: (cont'd)

	Jewel of Mabul Development Sdn. Bhd.	
	2025	2024
	RM	RM
<u>At 31 December</u>		
Non-current assets	19,765,184	19,713,516
Current assets	84,187	60,885
Non-current liabilities	(43,674)	-
Current liabilities	(1,374,798)	(290,355)
Net assets	18,430,899	19,484,046
<u>Financial Year Ended 31 December</u>		
Loss for the financial year	(1,053,147)	(301,624)
Total comprehensive loss	(1,053,147)	(301,624)
Total comprehensive loss attributable to non-controlling interests	(189,566)	(54,292)
Net cash flows from/(used in) operating activities	273,953	(1,474,941)
Net cash flows (used in)/from investing activities	(201,991)	1,495,826
Net cash flows used in financing activities	(15,993)	-

16. Investments in Joint Ventures

	Group	
	2025	2024
	RM	RM
Unquoted shares, at cost	26,390,528	27,448,577
Share of post-acquisition	316,523,685	222,674,869
	342,914,213	250,123,446

The details of the joint ventures are as follows:

Name of Joint Venture	Principal Place of Business/Country of Incorporation	Principal Activities	Percentage of Effective Interest Held	
			2025	2024
			%	%
CN Energy Holdings Pte. Ltd. #	Singapore	Investment holding company.	50	50
Coastoil Dynamic, S.A. de C.V. #	Mexico	Operation of onshore gas processing facility.	50	50
Subsidiary of CN Energy Holdings Pte. Ltd.				
CN Energy Servicios, S.A. de C.V. *	Mexico	Dormant.	50	50
Subsidiary of Coastoil Dynamic, S.A. de C.V.				
Coastoil Dynamic Energy, S.A. de C.V. #	Mexico	Dormant.	50	50

Audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

* Not required to be audited under the laws of the country of incorporation.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

16. Investments in Joint Ventures (cont'd)

- (a) The Group's involvement in joint arrangement is structured through separate vehicles which provide the Group rights to the net assets of the entity. Accordingly, the Group has classified these investments as joint ventures.
- (b) The summarised financial information after the alignment for the Group's accounting policies for the joint venture that is material to the Group is as follows:

	Coastoil Dynamic, S.A. de C.V.	
	2025	2024
	RM	RM
Non-current assets	588,872,093	642,252,108
Current assets	756,561,910	1,027,921,335
Non-current liabilities	(407,873,818)	(602,134,867)
Current liabilities	(236,100,057)	(554,276,079)
Net assets	701,460,128	513,762,497
Included in assets and liabilities are:		
- cash and cash equivalents	35,172,884	25,794,575
- non-current liabilities (excluding trade and other payables)	407,873,818	602,134,867
- current liabilities (excluding trade and other payables)	156,754,118	255,434,546
Revenue	697,573,987	755,446,844
Depreciation and amortisation	81,600,211	91,268,262
Interest expense	63,748,555	84,719,728
Income tax expense	54,954,513	59,613,581
Profit for the financial year	178,935,503	137,427,966
Other comprehensive income/(loss)	8,762,128	(115,967,163)
Total comprehensive income	187,697,631	21,460,803
Group's share of profit for the financial year	89,467,752	68,713,983
Group's share of other comprehensive income/(loss)	4,381,064	(57,983,582)
Reconciliation of net assets to carrying amount		
Group's share of net assets above	350,730,064	256,881,248
Foreign exchange translation reserve	(7,815,851)	(6,757,802)
Carrying amount of the Group's interests in this joint venture	342,914,213	250,123,446

- (c) Summarised financial information has not been presented for CN Energy Holdings Pte. Ltd., CN Energy Servicios, S.A. de C.V. and Coastoil Dynamic Energy, S.A. de C.V. as these joint ventures are not material to the Group.
- (d) The Group has not fully recognised losses relating to CN Energy Holdings Pte. Ltd., where its share of losses exceeded the Group's interest in the joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM261,095 (2024: RM246,921), of which RM14,174 (2024: RM10,176) relate to the share of the current financial year's losses. The Group has no obligation in respect of these losses.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

17. Property, Plant and Equipment

Group	Freehold land, buildings and workshops RM	Slipway and shipyard infrastructure RM	Vessels, offshore assets, heavy machinery and equipment RM	Motor vehicles RM	Telecom-munication and office equipment, furniture, fittings and renovations RM	Construction work-in-progress RM	Total RM
Cost							
At 1 January 2024	12,646,330	37,593,945	1,010,516,273	5,732,200	3,176,135	23,304	1,069,688,187
Acquisition of a subsidiary	-	-	-	-	-	11,831,227	11,831,227
Additions	1,000,000	-	51,617	187,404	58,951	170,075	1,468,047
Disposals	-	-	(64,584,361)	(27,000)	-	-	(64,611,361)
Written off	-	-	-	-	(28,895)	-	(28,895)
Reclassification	-	-	140,789	-	-	(140,789)	-
Exchange differences	-	-	(26,651,255)	(101,577)	(16,608)	-	(26,769,440)
At 31 December 2024 and 1 January 2025	13,646,330	37,593,945	919,473,063	5,791,027	3,189,583	11,883,817	991,577,765
Additions	-	-	11,852,998	16,000	155,329	16,402,089	28,426,416
Disposals	-	-	(422,917)	-	(20,000)	-	(442,917)
Written off	(454,458)	(476,094)	(486,942)	-	(51,630)	-	(1,469,124)
Reclassification	-	142,980	-	-	-	(142,980)	-
Exchange differences	-	-	(89,792,024)	(65,760)	(16,966)	-	(89,874,750)
At 31 December 2025	13,191,872	37,260,831	840,624,178	5,741,267	3,256,316	28,142,926	928,217,390

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

17. Property, Plant and Equipment (cont'd)

Group	Freehold land, buildings and workshops RM	Slipway and shipyard infrastructure RM	Vessels, offshore assets, heavy machinery and equipment RM	Motor vehicles RM	Telecommunication and office equipment, furniture, fittings and renovations RM	Construction work-in-progress RM	Total RM
Accumulated depreciation and impairment loss							
At 1 January 2024	12,423,633	29,204,765	623,364,197	4,119,049	2,276,302	-	671,387,946
Depreciation charge for the year	98,590	1,165,664	31,017,216	420,349	117,555	-	32,819,374
Disposals	-	-	(21,744,758)	(26,999)	-	-	(21,771,757)
Written off	-	-	-	-	(27,358)	-	(27,358)
Impairment loss	-	-	20,033,910	-	-	-	20,033,910
Exchange differences	-	-	(17,488,882)	(35,339)	(13,520)	-	(17,537,741)
At 31 December 2024 and 1 January 2025	12,522,223	30,370,429	635,181,683	4,477,060	2,352,979	-	684,904,374
Depreciation charge for the year	76,161	1,164,206	30,226,634	422,630	98,643	-	31,988,274
Disposals	-	-	(285,165)	-	(19,999)	-	(305,164)
Written off	(416,993)	(461,528)	(483,852)	-	(51,404)	-	(1,413,777)
Exchange differences	-	-	(64,176,944)	(39,108)	(15,130)	-	(64,231,182)
At 31 December 2025	12,181,391	31,073,107	600,462,356	4,860,582	2,365,089	-	650,942,525
Net carrying amount							
At 31 December 2024	1,124,107	7,223,516	284,291,380	1,313,967	836,604	11,883,817	306,673,391
At 31 December 2025	1,010,481	6,187,724	240,161,822	880,685	891,227	28,142,926	277,274,865

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

17. Property, Plant and Equipment (cont'd)

	Furniture, fittings and office equipment RM
Company	
Cost	
At 1 January 2024	139,013
Additions	25,791
Disposal	(3,338)
Written off	(1,010)
	160,456
At 31 December 2024 and 1 January 2025	160,456
Additions	25,248
Written off	(179)
	185,525
At 31 December 2025	185,525
Accumulated depreciation	
At 1 January 2024	117,616
Depreciation charge for the year	10,883
Disposal	(3,060)
Written off	(1,009)
	124,430
At 31 December 2024 and 1 January 2025	124,430
Depreciation charge for the year	12,543
Written off	(75)
	136,898
At 31 December 2025	136,898
Net carrying amount	
At 31 December 2024	36,026
At 31 December 2025	48,627

Impairment of assets

At the previous reporting date, the Group conducted a review of the recoverable amount of its vessels and offshore asset within vessel chartering and gas processing segment. An impairment loss of RM20,033,910, representing the write-down of an offshore asset to the recoverable amount was recognised in "Other expenses" line item of the consolidated statement of profit or loss. The recoverable amounts of the vessels and offshore asset were measured at the fair value less costs to sell based on the valuation report prepared by an independent valuer.

Assets held under hire purchase arrangement

Included in the property, plant and equipment of the Group are motor vehicles with a total carrying amount of RM738,988 (2024: RM1,148,397) held under hire purchase arrangements. These assets are pledged as security for the hire purchase payables of the Group as disclosed in Note 26 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

17. Property, Plant and Equipment (cont'd)

Assets pledged as security

The carrying amounts of property, plant and equipment pledged as security for borrowings (Note 26) are as follows:

	Group	
	2025 RM	2024 RM
Buildings and workshops	11,070	124,696
Slipway and shipyard infrastructure	5,292,420	6,291,900
Vessels, offshore assets, heavy machinery and equipment	30,293,690	31,899,693
Motor vehicles	227,359	307,392
Telecommunication and office equipment, furniture, fittings and renovations	94,228	65,513
Construction work-in-progress	298,016	153,091
	36,216,783	38,842,285

Assets leased under operating leases

Certain vessels of the Group have been leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 60 days to 5 years (2024: 1 year to 5 years) and their subsequent renewals are negotiated separately on a contract by contract basis.

The Group requires 1 month of rental payments from the customers as security deposit. The leases do not include residual value guarantee and variable lease payments.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:

	Group	
	2025 RM	2024 RM
Within 1 year	9,650,664	49,964,899
Between 1 and 2 years	3,366,667	4,680,000
Between 2 and 3 years	2,280,000	3,366,667
Between 3 and 4 years	490,322	2,280,000
Between 4 and 5 years	-	490,322
	15,787,653	60,781,888

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

18. Right-of-Use Assets

Group	Leasehold Land RM	Buildings RM	Total RM
Cost			
At 1 January 2024	7,260,024	5,685,528	12,945,552
Acquisition of a subsidiary	25,806,147	-	25,806,147
Modification of lease liabilities	-	1,106,126	1,106,126
Derecognition due to lease modification	-	(26,807)	(26,807)
Exchange differences	-	(257,588)	(257,588)
At 31 December 2024 and 1 January 2025	33,066,171	6,507,259	39,573,430
Addition	-	84,933	84,933
Modification of lease liabilities	-	1,128,675	1,128,675
Exchange differences	-	(183,670)	(183,670)
At 31 December 2025	33,066,171	7,537,197	40,603,368
Accumulated depreciation			
At 1 January 2024	1,063,095	4,158,203	5,221,298
Depreciation charge for the year	694,431	1,076,814	1,771,245
Derecognition due to lease modification	-	(26,807)	(26,807)
Exchange differences	-	(265,340)	(265,340)
At 31 December 2024 and 1 January 2025	1,757,526	4,942,870	6,700,396
Depreciation charge for the year	707,974	1,177,747	1,885,721
Exchange differences	-	(184,974)	(184,974)
At 31 December 2025	2,465,500	5,935,643	8,401,143
Net carrying amount			
At 31 December 2024	31,308,645	1,564,389	32,873,034
At 31 December 2025	30,600,671	1,601,554	32,202,225

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

18. Right-of-Use Assets (cont'd)

Company	Building RM
Cost	
At 1 January 2024, 31 December 2024 and 1 January 2025	34,558
Modification of lease liabilities	36,732
	71,290
Accumulated depreciation	
At 1 January 2024	23,084
Depreciation charge for the year	5,737
	28,821
At 31 December 2024 and 1 January 2025	28,821
Depreciation charge for the year	5,737
	34,558
Net carrying amount	
At 31 December 2024	5,737
At 31 December 2025	36,732

- (a) The Group leases certain pieces of leasehold land and buildings of which the leasing activities are summarised below:
- (i) Leasehold land - The Group has entered into 17 non-cancellable operating lease agreements for the use of land. The leases are for periods ranging from 60 to 99 years.
 - (ii) Buildings - The Group have leased a number of buildings that run between 1 year and 3 years, with an option to renew the lease after that date. The Group is not allowed to sublease the buildings without prior consent of the lessors.
- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- (d) Certain leasehold land of the Group with total carrying amount of RM3,796,944 (2024: RM3,869,987) has been pledged to a licensed bank as security for banking facilities granted to the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

19. Investment Properties

	Group	
	2025 RM	2024 RM
Cost		
At beginning and end of year	4,101,213	4,101,213
Accumulated depreciation		
At beginning of year	1,066,314	984,290
Depreciation charge for the year	82,024	82,024
At end of year	1,148,338	1,066,314
Net carrying amount	2,952,875	3,034,899

Properties pledged as security

Investment properties are mortgaged to secure a subsidiary's bank loan (Note 26).

Fair value of investment properties

The fair value of investment properties as at the reporting date amounted to approximately RM5,920,000 (2024: RM8,250,000).

Fair value hierarchy disclosures for investment properties have been disclosed in Note 36 to the financial statements.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Properties leased under operating leases

The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial periods ranging from 2 to 3 years and their subsequent renewals are negotiated separately on a contract by contract basis.

The Group requires 2 to 3 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:

	Group	
	2025 RM	2024 RM
Within 1 year	352,955	241,227
Between 1 and 2 years	282,687	31,355
Between 2 and 3 years	136,000	-
	771,642	272,582

20. Investment Securities

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Quoted shares, at fair value	12,897,474	12,379,376	6,904,368	6,736,436

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

21. Inventories

Cost	Group	
	2025 RM	2024 RM
Finished goods	3,948,275	4,349,935
Raw materials	10,648,754	6,804,105
Work-in-progress	199,682,030	108,110,629
Spare parts	7,714	7,714
	<u>214,286,773</u>	<u>119,272,383</u>
Inventories recognised as an expense in cost of sales	<u>5,150,799</u>	<u>21,646,922</u>

The work-in-progress represents costs incurred for unsold vessels under construction.

22. Trade and Other Receivables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current				
Trade receivables				
Third parties	347,503,151	359,336,840	-	-
Less: Allowance for impairment	(342,217,439)	(333,862,007)	-	-
Trade receivables, net	<u>5,285,712</u>	<u>25,474,833</u>	<u>-</u>	<u>-</u>
Other receivables				
Amounts due from subsidiaries	-	-	109,379,943	67,401,410
Amounts due from joint ventures	473,845	8,015,154	-	-
Deposits paid to suppliers and contractors	24,376,104	42,345,833	-	-
Deposits	1,491,333	3,624,367	249,300	238,089
Loan to a joint venture	-	42,410,976	-	-
Prepayments	2,075,646	9,035,561	17,785	24,894
Sundry receivables	12,729,652	16,182,758	8,669,936	9,658,015
	<u>41,146,580</u>	<u>121,614,649</u>	<u>118,316,964</u>	<u>77,322,408</u>
Less: Allowance for impairment	(33,169,881)	(37,048,493)	(8,397,693)	(9,657,628)
Other receivables, net	<u>7,976,699</u>	<u>84,566,156</u>	<u>109,919,271</u>	<u>67,664,780</u>
	<u>13,262,411</u>	<u>110,040,989</u>	<u>109,919,271</u>	<u>67,664,780</u>
Non-Current				
Other receivables				
Loan to a subsidiary	-	-	9,727,280	-
Total trade and other receivables	<u>13,262,411</u>	<u>110,040,989</u>	<u>119,646,551</u>	<u>67,664,780</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

22. Trade and Other Receivables (cont'd)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Trade		Non-trade	
	2025 RM	2024 RM	2025 RM	2024 RM
Group				
Individually impaired:				
Receivables - nominal amounts	346,221,575	331,102,640	33,476,779	37,050,596
Less: Allowance for impairment	(342,164,780)	(331,102,640)	(33,169,881)	(37,048,493)
	<u>4,056,795</u>	<u>-</u>	<u>306,898</u>	<u>2,103</u>
Collectively impaired:				
Receivables - nominal amounts	1,281,576	28,234,200	1,675,978	53,871,428
Less: Allowance for impairment	(52,659)	(2,759,367)	-	-
	<u>1,228,917</u>	<u>25,474,833</u>	<u>1,675,978</u>	<u>53,871,428</u>

Movement in trade receivables' allowance accounts:

	2025 RM	2024 RM
Group		
At beginning of year	333,862,007	189,882,128
Charge for the year	41,315,980	152,913,623
Reversal of impairment loss	(674)	(689,319)
Written off	(9,124)	-
Exchange differences	(32,950,750)	(8,244,425)
At end of year	<u>342,217,439</u>	<u>333,862,007</u>

Movement in other receivables' allowance accounts:

	Amounts Due From Joint Ventures RM	Deposits Paid RM	Sundry Receivables RM	Total RM
Group				
2025				
At 1 January 2025	535,419	24,313,140	12,199,934	37,048,493
Charge for the year	27,752	-	2,105	29,857
Reversal of impairment loss	(79,164)	-	(1,274,268)	(1,353,432)
Written off	(66,773)	-	-	(66,773)
Exchange differences	(16,419)	(2,250,735)	(221,110)	(2,488,264)
At 31 December 2025	<u>400,815</u>	<u>22,062,405</u>	<u>10,706,661</u>	<u>33,169,881</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

22. Trade and Other Receivables (cont'd)

Receivables that are impaired (cont'd)

Movement in other receivables' allowance accounts: (cont'd)

	Amounts Due From Joint Ventures RM	Deposits Paid RM	Sundry Receivables RM	Total RM
Group				
2024				
At 1 January 2024	536,818	27,113,130	10,119,235	37,769,183
Charge for the year	29,949	-	2,416,234	2,446,183
Reversal of impairment loss	-	(2,182,657)	(247,187)	(2,429,844)
Exchange differences	(31,348)	(617,333)	(88,348)	(737,029)
At 31 December 2024	<u>535,419</u>	<u>24,313,140</u>	<u>12,199,934</u>	<u>37,048,493</u>

The Company's other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Individually Impaired	
	2025 RM	2024 RM
Company		
Receivables - nominal amounts	8,397,693	9,657,628
Less: Allowance for impairment	(8,397,693)	(9,657,628)
	<u>-</u>	<u>-</u>

Movement in allowance accounts:

	Sundry Receivables RM
Company	
2025	
At 1 January 2025	9,657,628
Reversal of impairment loss	(1,259,935)
At 31 December 2025	<u>8,397,693</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

22. Trade and Other Receivables (cont'd)

Receivables that are impaired (cont'd)

Movement in allowance accounts: (cont'd)

Company	Amounts Due From Subsidiaries RM	Sundry Receivables RM	Total RM
2024			
At 1 January 2024	20,448,450	9,904,706	30,353,156
Reversal of impairment loss	(20,448,450)	(247,078)	(20,695,528)
At 31 December 2024	-	9,657,628	9,657,628

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

(a) Trade receivables

Trade receivables are on 30 days to 45 days (2024: 30 days to 45 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables comprised mainly the outstanding bareboat charter hire proceeds of the Group including interest charges of approximately RM298.1 million (2024: RM328.5 million).

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2025 RM	2024 RM
Not past due	779	5,820,653
1 to 30 days past due	395,698	5,650,724
31 to 120 days past due	4,881,735	12,462,840
121 to 365 days past due	449	2,217,970
More than 365 days past due	59,710	2,082,013
	5,337,592	22,413,547
Total	5,338,371	28,234,200
Credit impaired	342,164,780	331,102,640
	347,503,151	359,336,840

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

22. Trade and Other Receivables (cont'd)

(b) Other receivables

Other receivables comprised mainly:

(i) Amounts due from subsidiaries

The amounts due are non-trade in nature, unsecured, non-interest bearing and are repayable on demand. The amounts due are to be settled in cash.

(ii) Sundry receivables – Amount claimable from a joint venture party

Pursuant to the Memorandum of Understanding (“MOU”) entered into between the Company and three venturers on 30 July 2016, the Company has paid an initial refundable and secured deposit of USD6 million (approximately RM24 million) to form a joint venture to undertake a liquefied natural gas related project in Indonesia.

The Company had on 15 December 2017 filed an Arbitration Petition against the joint venture party and its guarantors (“Respondents”) for breach of the MOU and two (2) Deeds of Personal Guarantee in favour of the Company. In October 2018, the Tribunal had, vide the Final Award declared that the Respondents were in breach of the MOU and requested to pay the Company the sum of USD4,349,759, which consist of the amount of the Outstanding Deposit of USD3,846,837 and the interest in the amount of USD502,922.

As at the reporting date, the outstanding amount receivable from the joint venture party including interest charges amounted to approximately RM8.4 million (2024: RM9.7 million).

(iii) Loan to a joint venture

Loan to a joint venture was for the purpose of financing the construction of a gas conditioning plant in Mexico. The loan was secured, interest bearing and repayable on demand. The loan was fully settled during the financial year.

(iv) Loan to a subsidiary

Loan to a subsidiary is for the purpose of financing the construction of a solar photovoltaic plant. The loan is unsecured, interest bearing and repayable through a single bullet payment by a project loan.

23. Contract Assets/(Liabilities)

	Group	
	2025 RM	2024 RM
Contract assets		
Contract assets relating to vessel repairing services	87,503	376,292
Contract liabilities		
Contract liabilities relating to property letting	-	(994)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

23. Contract Assets/(Liabilities) (cont'd)

(a) The changes to contract assets balances during the financial year are as follows:

	Group	
	2025 RM	2024 RM
At beginning of year	376,292	5,560,222
Performance obligations performed	590,860	14,282,981
Transfer to trade receivables	(879,649)	(19,466,911)
	<hr/>	<hr/>
At end of year	87,503	376,292
	<hr/>	<hr/>

The contract assets primarily relate to the Group's right to consideration for vessel repairing services completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

(b) The changes to contract liabilities balances during the financial year are as follows:

	Group	
	2025 RM	2024 RM
At beginning of year	(994)	(6,757,871)
Amount received for future performance obligation	-	(10,678,954)
Performance obligations performed	994	17,435,831
	<hr/>	<hr/>
At end of year	-	(994)
	<hr/>	<hr/>

The contract liabilities primarily related to advance consideration received from customers for property letting. The amount was recognised as revenue when the performance obligations were satisfied.

24. Short-Term Investments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fixed income fund, at fair value	55,222,416	12,134,868	49,284,257	6,135,632
Money market fund, at fair value	425,267,968	560,633,432	425,052,977	560,261,559
Wholesale feeder fund, at fair value	207,644,864	201,599,847	207,644,864	201,599,847
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	688,135,248	774,368,147	681,982,098	767,997,038
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Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

25. Cash and Cash Equivalents

- (a) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash on hand and at banks	81,842,556	206,015,549	37,424,614	167,196,030
Short-term deposits with licensed banks	88,060,978	61,572,141	3,889,832	938,548
	169,903,534	267,587,690	41,314,446	168,134,578
Less: Fixed deposits pledged to a licenced bank	(2,700,000)	-	(2,700,000)	-
Cash and cash equivalents	167,203,534	267,587,690	38,614,446	168,134,578

Short-term deposits of the Group are made for varying periods of between 2 days and 182 days (2024: 2 days and 91 days) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The interest rates as at 31 December 2025 for the Group and the Company ranged from 1.25% to 3.60% p.a. (2024: 2.36% to 4.75% p.a.) and 1.25% to 2.20% p.a. (2024: 2.36% to 3.02% p.a.) respectively.

Included in the short-term deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM2,700,000 (2024: Nil) which has been pledged to a licensed bank as security for a bank guarantee granted to the Company.

- (b) The reconciliation of liabilities arising from financing activities are as follows:

	Loans and Borrowings RM	Lease Liabilities RM	Total RM
Group			
2025			
At 1 January 2025	30,943,049	1,123,963	32,067,012
Changes in financing cash flows:			
- Repayment of principal	(17,213,483)	(1,160,954)	(18,374,437)
- Payment of interest	(1,365,351)	(21,529)	(1,386,880)
	(18,578,834)	(1,182,483)	(19,761,317)
Non-cash changes:			
- Acquisition of new leases	-	84,933	84,933
- Modification of leases	-	1,128,675	1,128,675
- Amortisation of transaction costs capitalised	126,693	-	126,693
- Interest expense recognised in profit or loss (Note 9)	1,295,054	21,529	1,316,583
- Accrual of interest	71,949	-	71,949
- Foreign exchange adjustment	(108,336)	1,533	(106,803)
	1,385,360	1,236,670	2,622,030
At 31 December 2025	13,749,575	1,178,150	14,927,725

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

25. Cash and Cash Equivalents (cont'd)

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

Group	Loans and Borrowings RM	Lease Liabilities RM	Total RM
2024			
At 1 January 2024	55,686,029	1,085,000	56,771,029
Changes in financing cash flows:			
- Proceeds from drawdown	22,405	-	22,405
- Repayment of principal	(24,375,858)	(1,074,620)	(25,450,478)
- Payment of interest	(2,986,941)	(20,435)	(3,007,376)
	<u>(27,340,394)</u>	<u>(1,095,055)</u>	<u>(28,435,449)</u>
Non-cash changes:			
- Modification of leases	-	1,106,126	1,106,126
- Amortisation of transaction costs capitalised	126,693	-	126,693
- Interest expense recognised in profit or loss (Note 9)	2,948,551	20,435	2,968,986
- Accrual of interest	39,843	-	39,843
- Foreign exchange adjustment	(517,673)	7,457	(510,216)
	<u>2,597,414</u>	<u>1,134,018</u>	<u>3,731,432</u>
At 31 December 2024	<u>30,943,049</u>	<u>1,123,963</u>	<u>32,067,012</u>
Company			
2025			
At 1 January 2025	16,656,432	5,861	16,662,293
Changes in financing cash flows:			
- Repayment of principal	(16,783,125)	(5,861)	(16,788,986)
- Payment of interest	(640,253)	(139)	(640,392)
	<u>(17,423,378)</u>	<u>(6,000)</u>	<u>(17,429,378)</u>
Non-cash changes:			
- Modification of leases	-	36,732	36,732
- Amortisation of transaction costs capitalised	126,693	-	126,693
- Interest expense recognised in profit or loss (Note 9)	592,937	139	593,076
- Accrual of interest	47,316	-	47,316
	<u>766,946</u>	<u>36,871</u>	<u>803,817</u>
At 31 December 2025	<u>-</u>	<u>36,732</u>	<u>36,732</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

25. Cash and Cash Equivalents (cont'd)

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

Company	Loans and Borrowings RM	Lease Liabilities RM	Total RM
2024			
At 1 January 2024	34,171,614	11,474	34,183,088
Changes in financing cash flows:			
- Repayment of principal	(17,212,500)	(5,613)	(17,218,113)
- Payment of interest	(2,195,147)	(387)	(2,195,534)
	<u>(19,407,647)</u>	<u>(6,000)</u>	<u>(19,413,647)</u>
Non-cash changes:			
- Amortisation of transaction costs capitalised	126,693	-	126,693
- Interest expense recognised in profit or loss (Note 9)	2,130,671	387	2,131,058
- Accrual of interest	64,476	-	64,476
- Foreign exchange adjustment	(429,375)	-	(429,375)
	<u>1,892,465</u>	<u>387</u>	<u>1,892,852</u>
At 31 December 2024	<u>16,656,432</u>	<u>5,861</u>	<u>16,662,293</u>

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Payment of short-term leases	31,353	30,104	-	-
Interest paid on lease liabilities	21,529	20,435	139	387
Payment of lease liabilities	1,160,954	1,074,620	5,861	5,613
	<u>1,213,836</u>	<u>1,125,159</u>	<u>6,000</u>	<u>6,000</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

26. Loans and Borrowings

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current				
Secured:				
Hire purchase payables	185,495	182,298	-	-
Revolving credits	12,000,000	12,000,000	-	-
Term loan	211,966	247,088	-	-
	<u>12,397,461</u>	<u>12,429,386</u>	<u>-</u>	<u>-</u>
Unsecured:				
Loan from non-controlling interests	811,359	894,055	-	-
Term loan	-	16,656,432	-	16,656,432
	<u>811,359</u>	<u>17,550,487</u>	<u>-</u>	<u>16,656,432</u>
	<u>13,208,820</u>	<u>29,979,873</u>	<u>-</u>	<u>16,656,432</u>
Non-Current				
Secured:				
Hire purchase payables	540,755	751,463	-	-
Term loan	-	211,713	-	-
	<u>540,755</u>	<u>963,176</u>	<u>-</u>	<u>-</u>
Total loans and borrowings	<u>13,749,575</u>	<u>30,943,049</u>	<u>-</u>	<u>16,656,432</u>

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
On demand or within one year	13,208,820	29,979,873	-	16,656,432
More than 1 year and less than 2 years	194,282	403,082	-	-
More than 2 years and less than 5 years	346,473	484,426	-	-
5 years or more	-	75,668	-	-
	<u>13,749,575</u>	<u>30,943,049</u>	<u>-</u>	<u>16,656,432</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

26. Loans and Borrowings (cont'd)

(a) The borrowings of the Group are secured by:

- (i) Legal charge over the investment properties, leasehold land and motor vehicles of certain subsidiaries as disclosed in Notes 17, 18 and 19 to the financial statements;
- (ii) A debenture covering fixed and floating charges over all present and future assets of a subsidiary as disclosed in Note 17 to the financial statements;
- (iii) Legal charge over the shares of a subsidiary; and
- (iv) Corporate guarantee given by the Company and a subsidiary.

(b) The major covenants of a term loan were as follows:

- (i) Net total external borrowings to tangible net worth shall not exceed 1.25 times;
- (ii) Shall not incur any additional financing exceeding RM500,000,000 (or its equivalent in foreign currency);
- (iii) Ensure one of the subsidiary does not pledge, charge and/or assign any of its existing or future assets; and
- (iv) Ensure the subsidiary does not transfer, novate, reduce, dispose and/or sell any shares in a joint venture.

The financial covenant (i) was tested on a semi-annual basis. The Group had complied with the covenants throughout the reporting periods.

(c) All the borrowings except hire purchase payables and loan from non-controlling interests bear floating interest/profit rate. The range of the interest rates and profit sharing (per annum) during the financial year for borrowings are as follows:

	2025	2024
Group		
Hire purchase payables	3.66% - 5.32%	3.66% - 5.32%
RM revolving credits	1.25% above COF	1.25% above COF
RM term loan	1.85% below BLR	1.85% below BLR
USD term loan	2.30% above COF	2.30% above COF
Company		
USD term loan	2.30% above COF	2.30% above COF

(d) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	12,309,373	12,593,597	-	-
Singapore Dollar	628,843	798,965	-	-
United States Dollar	811,359	17,550,487	-	16,656,432
	13,749,575	30,943,049	-	16,656,432

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

27. Lease Liabilities

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At beginning of year	1,123,963	1,085,000	5,861	11,474
Acquisition of new leases	84,933	-	-	-
Interest expense recognised in profit or loss (Note 9)	21,529	20,435	139	387
Changes due to lease modification	1,128,675	1,106,126	36,732	-
Repayment of principal	(1,160,954)	(1,074,620)	(5,861)	(5,613)
Payment of interest expense	(21,529)	(20,435)	(139)	(387)
Exchange differences	1,533	7,457	-	-
At end of year	1,178,150	1,123,963	36,732	5,861
Analysed by:				
Current liabilities	1,124,556	1,109,972	17,972	5,861
Non-current liabilities	53,594	13,991	18,760	-
	1,178,150	1,123,963	36,732	5,861

28. Trade and Other Payables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current				
Trade payables				
Third parties	10,578,205	9,024,301	-	-
Other payables				
Accruals	6,060,621	6,531,435	210,375	254,826
Deposits received from vessel buyer	3,442,998	-	-	-
Deposits received from vessel charterers	400,000	400,000	-	-
Other deposits	210,213	189,909	-	-
Sundry payables	24,521,009	26,101,100	41,035	47,818
	34,634,841	33,222,444	251,410	302,644
Total trade and other payables	45,213,046	42,246,745	251,410	302,644

(a) Trade payables

These amounts are non-interest bearing. The terms granted by trade payables normally range from 30 days to 90 days (2024: 30 days to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of four months.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

29. Deferred Tax Liabilities

Deferred income tax as at 31 December 2025 relates to the following:

Group	As at 1 January 2024		Recognised in profit or loss (Note 13)		Exchange differences		As at 31 December 2024/ 1 January 2025		Recognised in profit or loss (Note 13)		Exchange differences		As at 31 December 2025	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Deferred tax liabilities:														
Property, plant and equipment	4,972,804		496,086		-		5,468,890		588,009		-			6,056,899
Right-of-use assets	387,238		26,934		-		414,172		(14,874)		-			399,298
Inventories	-		-		-		-		110,435		-			110,435
Receivables	678,212		641,100		(40,970)		1,278,342		3,896		(139,887)			1,142,351
Others	5,648		(5,098)		-		550		66,649		-			67,199
	6,043,902		1,159,022		(40,970)		7,161,954		754,115		(139,887)			7,776,182
Deferred tax assets:														
Inventories	(71,525)		34,269		-		(37,256)		37,256		-			-
Lease liabilities	(18,727)		(34,777)		-		(53,504)		6,955		-			(46,549)
Loans and borrowings	(1,333)		1,333		-		-		-		-			-
Tax losses and unabsorbed capital allowances	(3,822,942)		(852,585)		-		(4,675,527)		(941,348)		-			(5,616,875)
Others	-		(315,666)		-		(315,666)		302,497		-			(13,169)
	(3,914,527)		(1,167,426)		-		(5,081,953)		(594,640)		-			(5,676,593)
	2,129,375		(8,404)		(40,970)		2,080,001		159,475		(139,887)			2,099,589

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

29. Deferred Tax Liabilities (cont'd)

Deferred income tax as at 31 December 2025 relates to the following: (cont'd)

	As at 1 January 2024	Recognised in profit or loss (Note 13)	As at 31 December 2024/ 1 January 2025	Recognised in profit or loss (Note 13)	As at 31 December 2025
	RM	RM	RM	RM	RM
Company					
Deferred tax liabilities:					
Property, plant and equipment	2,365	2,169	4,534	(662)	3,872
Right-of-use assets	2,754	(1,377)	1,377	7,439	8,816
Receivables	55	38	93	4,451	4,544
	<u>5,174</u>	<u>830</u>	<u>6,004</u>	<u>11,228</u>	<u>17,232</u>
Deferred tax assets:					
Lease liabilities	(2,754)	1,347	(1,407)	(7,409)	(8,816)
	<u>2,420</u>	<u>2,177</u>	<u>4,597</u>	<u>3,819</u>	<u>8,416</u>

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

	Group	
	2025 RM	2024 RM
Unused tax losses		
- Expiring within 5 years	12,918,454	10,517,805
- Expiring within 6 to 10 years	17,839,640	17,018,409
Unabsorbed capital allowances	11,842,817	15,243,189
Deductible temporary differences	700,527	764,512
	<u>43,301,438</u>	<u>43,543,915</u>

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

30. Share Capital and Treasury Shares

	Group and Company			
	Number of Shares		Amount	
	Ordinary Shares with No Par Value (Issued and Fully Paid)	Treasury Shares	Share Capital (Issued and Fully Paid) RM	Treasury Shares RM
At 1 January 2024	546,882,121	(14,506,200)	321,263,127	(17,017,519)
Ordinary shares issued under ESOS	3,003,300	-	3,701,567	-
At 31 December 2024 and 1 January 2025	549,885,421	(14,506,200)	324,964,694	(17,017,519)
Ordinary shares issued under ESOS	9,053,790	-	11,158,796	-
Purchase of treasury shares	-	(3,218,000)	-	(4,096,936)
At 31 December 2025	558,939,211	(17,724,200)	336,123,490	(21,114,455)

(a) Share Capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

(c) Employees' Share Option Scheme ("ESOS")

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 16 December 2021. The ESOS is to be in force for a period of 5 years effective from 16 December 2021.

The salient features of the ESOS are as follows:

- (i) the maximum number of options to be offered under the ESOS shall not exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the ESOS, or such percentage that may be permitted by the relevant regulatory authorities during the duration of the ESOS.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

30. Share Capital and Treasury Shares (cont'd)

(c) Employees' Share Option Scheme ("ESOS") (cont'd)

The salient features of the ESOS are as follows: (cont'd)

- (ii) the aggregate maximum number of options that may be offered and allocated to the various grades of eligible employees shall be subject to the following:
 - (a) not more than eighty percent (80%) of the options available under the ESOS should be allocated, in aggregate, to the directors and senior management of the Group; and
 - (b) not more than ten percent (10%) of the options available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through persons connected with the eligible employees, holds twenty percent (20%) or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any).
- (iii) Subject to the discretion of the ESOS Committee, employees who have been confirmed in the employment of the Group and not under a probationary period, and non-executive Directors who have been appointed for at least 1 year, shall be eligible to participate.
- (iv) The exercise price shall be determined by the ESOS Committee based on the 5-day volume weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.
- (v) The new shares to be allotted and issued upon any exercise of the options shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company, for which the entitlement date of which is prior to the date of allotment of the new shares and shall be subject to the provisions of the Constitution of the Company.

The option prices and the details in the movement of the options granted are as follows:

Date of Offer	Exercise Price	Number of Options Over Unissued Ordinary Shares			
		1.1.2025	Forfeited	Exercised	31.12.2025
16.12.2021	RM0.99	33,686,110	(101,300)	(9,053,790)	24,531,020

The options forfeited during the financial year were due to resignations of employees.

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

The fair value of the share options granted were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used were as follows:

	Date of Offer 16.12.2021
Fair value at grant date (RM)	0.2425
Weighted average share price (RM)	1.10
Exercise price (RM)	0.99
Expected volatility (%)	5
Option life (years)	5
Expected dividend yield (%)	0
Risk free rate (%)	2.96

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

31. Other Reserves

Group	Foreign Currency Translation Reserve RM	Share Option Reserve RM	Total RM
At 1 January 2024	370,990,797	8,930,133	379,920,930
Other comprehensive loss:			
Foreign currency translation	(59,709,845)	-	(59,709,845)
Share of joint venture's foreign currency translation	(57,983,582)	-	(57,983,582)
Total other comprehensive loss	(117,693,427)	-	(117,693,427)
Share options:			
- share options exercised	-	(728,300)	(728,300)
- value of options forfeited	-	(32,951)	(32,951)
	-	(761,251)	(761,251)
At 31 December 2024 and 1 January 2025	253,297,370	8,168,882	261,466,252
Other comprehensive (loss)/income:			
Foreign currency translation	(35,941,304)	-	(35,941,304)
Share of joint venture's foreign currency translation	4,381,064	-	4,381,064
Total other comprehensive loss	(31,560,240)	-	(31,560,240)
Share options:			
- share options exercised	-	(2,195,544)	(2,195,544)
- value of options forfeited	-	(24,565)	(24,565)
	-	(2,220,109)	(2,220,109)
At 31 December 2025	221,737,130	5,948,773	227,685,903
Company		Share Option Reserve RM	
At 1 January 2024		8,930,133	
Share options:			
- share options exercised		(728,300)	
- value of options forfeited		(32,951)	
At 31 December 2024 and 1 January 2025		8,168,882	
Share options:			
- share options exercised		(2,195,544)	
- value of options forfeited		(24,565)	
At 31 December 2025		5,948,773	

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

31. Other Reserves (cont'd)

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Share option reserve

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

32. Retained Earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2025 and 31 December 2024 under the single tier system.

33. Related Party Transactions

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2025 RM	2024 RM
Group		
Transactions with a company in which certain Directors of the Group are also directors and have financial interests:		
- Rental of premises	20,332	20,034
Transactions with a Director of the Company:		
- Rental of premises	38,973	39,031
Transactions with Directors of the Group:		
- Rental of premises	17,500	400
Transactions with a joint venture:		
- Interest income	1,279,292	78,939,459
- Service fee income	1,752,277	2,734,177
	<hr/>	<hr/>
Remuneration for employment services provided by close members of the family of Directors:*		
Salaries, wages and bonuses	590,826	616,900
Contributions to defined contribution benefits	52,805	55,135
	<hr/>	<hr/>
	643,631	672,035
	<hr/>	<hr/>

The estimated monetary value of benefits-in-kind provided by the Group to the close members of the family of Directors was RM22,602 (2024: RM22,993).

* Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

33. Related Party Transactions (cont'd)

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year: (cont'd)

	2025 RM	2024 RM
Company		
Transactions with subsidiaries:		
Coastal Transport (Sandakan) Sdn. Bhd.		
- Rental of premises	6,000	6,000
Coastal Offshore (Labuan) Pte. Ltd.		
- Dividend income	-	44,461,868
Pleasant Engineering Sdn. Bhd.		
- Disposal of plant and equipment	-	1,000
Coastal Solar Sdn. Bhd.		
- Interest income	21,320	-
Coastal Marine Pte. Ltd.		
- Dividend income	-	35,846,400
Coastal Drilling Pte. Ltd.		
- Dividend income	-	1,244,334
Ace Capital Pte. Ltd.		
- Dividend income	926,961	-
	<hr/>	<hr/>

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Short-term employee benefits	8,247,839	8,205,386	524,200	528,000
Defined contribution benefits	315,733	306,995	46,800	46,800
	<hr/>	<hr/>	<hr/>	<hr/>
	8,563,572	8,512,381	571,000	574,800
	<hr/>	<hr/>	<hr/>	<hr/>

The estimated monetary value of benefits-in-kind provided by the Group to the Directors and other members of key management was RM122,458 (2024: RM127,372).

34. Capital Commitments

	Group	
	2025 RM	2024 RM
Property, plant and equipment	34,039,539	50,000,000
	<hr/>	<hr/>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

35. Contingent Liabilities

The nominal value of the financial guarantee contracts given by the Company are as follows:

	Company	
	2025 RM	2024 RM
Corporate guarantees given to financial institutions in respect of banking facilities granted to the subsidiaries	54,213,500	40,000,000

The fair value of the financial guarantee contracts given to the financial institutions for banking facilities granted to the subsidiaries are deemed immaterial as the Company considered the financial guarantees to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to.

36. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2025 and 31 December 2024.

	Date of valuation	Total RM	Fair value measurement using		
			Quoted prices in active markets (level 1) RM	Significant observable inputs (level 2) RM	Significant unobservable inputs (level 3) RM
Group					
Assets measured at fair value:					
Investment securities	31 December 2025	12,897,474	12,897,474	-	-
Short-term investments	31 December 2025	688,135,248	688,135,248	-	-
Assets for which fair values are disclosed:					
Investment properties:					
- Office properties	31 December 2025	5,920,000	-	5,920,000	-
Liabilities for which fair values are disclosed:					
Hire purchase payables (non-current)	31 December 2025	513,944	-	-	513,944
Company					
Assets measured at fair value:					
Investment securities	31 December 2025	6,904,368	6,904,368	-	-
Short-term investments	31 December 2025	681,982,098	681,982,098	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

36. Fair Value Measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2025 and 31 December 2024. (cont'd)

	Date of valuation	Total RM	Fair value measurement using		
			Quoted prices in active markets (level 1) RM	Significant observable inputs (level 2) RM	Significant unobservable inputs (level 3) RM
Group					
Assets measured at fair value:					
Investment securities	31 December 2024	12,379,376	12,379,376	-	-
Short-term investments	31 December 2024	774,368,147	774,368,147	-	-
Assets for which fair values are disclosed:					
Investment properties: - Office properties	31 December 2024	8,250,000	-	8,250,000	-
Liabilities for which fair values are disclosed:					
Hire purchase payables (non-current)	31 December 2024	714,779	-	-	714,779
Company					
Assets measured at fair value:					
Investment securities	31 December 2024	6,736,436	6,736,436	-	-
Short-term investments	31 December 2024	767,997,038	767,997,038	-	-

There have been no transfers between level 1 and level 2 during the year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

37. Fair Value of Financial Instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amount are not reasonable approximation of fair value:

Group	Carrying amount		Fair value	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial liabilities				
Hire purchase payables (non-current)	540,755	751,463	513,944	714,779

The management assessed that cash and bank balances, loans and borrowings except for hire purchase payables (non-current), trade and other payables, trade and other receivables (current) except for prepayments and deposits paid to suppliers and contractors approximate their carrying amounts largely due to their short-term nature or that they are floating rate investments that are re-priced to market interest rates on or near the reporting date.

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

Hire purchase payables

The fair values of these financial instruments are estimated by discounting expected future cash flows at market interest rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

38. Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM54,213,500 (2024: RM40,000,000) relating to corporate guarantees provided by the Company to banks on certain subsidiaries' bank borrowings.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2025		Group		2024	
	RM	% of total	RM	% of total	RM	% of total
By country:						
Mexico	298,076,819	86%	328,457,471	91%		
Saudi Arabia	45,666,329	13%	26,964,000	8%		
Others	3,760,003	1%	3,915,369	1%		
	<u>347,503,151</u>	<u>100%</u>	<u>359,336,840</u>	<u>100%</u>		

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 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 the fact that they are still subject to enforcement activities.

(i) Trade receivables and contract assets

The Group applies the simplified approach to measure 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 financial difficulty, are deemed credit impaired.

The expected loss rates are based on the customers' payment profiles and the corresponding historical credit losses experienced. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Assessment of impairment losses (cont'd)

(i) Trade receivables and contract assets (cont'd)

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

Group	Gross amount RM	Lifetime individual allowance RM	Lifetime collective allowance RM	Carrying amount RM
2025				
Not past due	779	-	-	779
1 to 30 days past due	395,698	-	-	395,698
31 to 120 days past due	4,881,735	-	-	4,881,735
121 to 365 days past due	449	-	-	449
More than 365 days past due	59,710	-	(52,659)	7,051
Credit impaired	342,164,780	(342,164,780)	-	-
Trade receivables	347,503,151	(342,164,780)	(52,659)	5,285,712
Contract assets	87,503	-	-	87,503
	347,590,654	(342,164,780)	(52,659)	5,373,215
2024				
Not past due	5,820,653	-	(40,422)	5,780,231
1 to 30 days past due	5,650,724	-	(38,761)	5,611,963
31 to 120 days past due	12,462,840	-	(234,998)	12,227,842
121 to 365 days past due	2,217,970	-	(369,799)	1,848,171
More than 365 days past due	2,082,013	-	(2,075,387)	6,626
Credit impaired	331,102,640	(331,102,640)	-	-
Trade receivables	359,336,840	(331,102,640)	(2,759,367)	25,474,833
Contract assets	376,292	-	-	376,292
	359,713,132	(331,102,640)	(2,759,367)	25,851,125

The movements in the loss allowances in respect of trade receivables are disclosed in Note 22 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Assessment of impairment losses (cont'd)

(ii) Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The Group applies the 3-stage general approach to measure expected credit losses for other receivables. Loss allowance is measured on either 12 month ECL or lifetime ECL.

To measure the expected credit losses, the Group considers historical data and assessed forward-looking macroeconomic data which may affect the ability of the debtors to settle their debts.

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

	Gross amount RM	Lifetime loss allowance RM	Carrying amount RM
2025			
Group			
Significant increase in credit risk	37,579,601	(33,169,881)	4,409,720
Company			
Significant increase in credit risk	8,669,936	(8,397,693)	272,243
2024			
Group			
Significant increase in credit risk	108,954,721	(37,048,493)	71,906,228
Company			
Significant increase in credit risk	9,658,015	(9,657,628)	387

The movements in the loss allowances are disclosed in Note 22 to the financial statements.

(iii) 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Assessment of impairment losses (cont'd)

(iv) Amounts due from subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

At the reporting date, the Company considers the amounts due from subsidiaries have low credit risks. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 96% (2024: 94%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted amount.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2025				
Financial liabilities:				
Trade and other payables	45,213,046	-	-	45,213,046
Loans and borrowings	13,242,918	580,975	-	13,823,893
Lease liabilities	1,145,969	55,000	-	1,200,969
Total undiscounted financial liabilities	59,601,933	635,975	-	60,237,908
2024				
Financial liabilities:				
Trade and other payables	42,246,745	-	-	42,246,745
Loans and borrowings	31,378,304	963,244	76,778	32,418,326
Lease liabilities	1,128,673	14,400	-	1,143,073
Total undiscounted financial liabilities	74,753,722	977,644	76,778	75,808,144

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted amount. (cont'd)

	On demand or within one year RM	One to five years RM	Total RM
Company			
2025			
Financial liabilities:			
Trade and other payables	251,410	-	251,410
Lease liabilities	19,200	19,200	38,400
Total undiscounted financial liabilities	270,610	19,200	289,810
2024			
Financial liabilities:			
Trade and other payables	302,644	-	302,644
Loans and borrowings	17,998,391	-	17,998,391
Lease liabilities	6,000	-	6,000
Total undiscounted financial liabilities	18,307,035	-	18,307,035

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2024: less than 6 months) from the reporting date.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(c) Interest Rate Risk (cont'd)

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's (loss)/profit net of tax through the impact on interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	2025		2024	
	Interest rate	Effect on loss net of tax RM	Interest rate	Effect on profit net of tax RM
Ringgit Malaysia	+ 0.50%	46,405	+ 0.50%	(47,343)
Ringgit Malaysia	- 0.50%	(46,405)	- 0.50%	47,343
United States Dollar	-	-	+ 1.50%	(191,328)
United States Dollar	-	-	- 1.50%	191,328

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or expenses that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM, United States Dollar ("USD"), Singapore Dollar ("SGD") and Mexican Peso ("MXN"). The major foreign currencies in which these transactions are denominated are RM, USD and SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including The British Virgin Islands, Singapore and Mexico. These investments are not hedged as currency positions in USD, SGD and MXN are considered to be long-term in nature.

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in RM, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2025		2024	
	USD/RM RM	SGD/RM RM	USD/RM RM	SGD/RM RM
Group				
Financial assets:				
Cash and cash equivalents	34,217,643	1,646,288	167,331,256	1,350,599
Investment securities	-	7,183,377	-	6,836,877
Short-term investments	577,384,518	-	761,813,365	-
Due from related companies	107,875,204	-	23,644,723	-
Trade receivables	6,606	-	7,280	-
Other receivables	8,397,694	-	9,657,628	-
	<u>727,881,665</u>	<u>8,829,665</u>	<u>962,454,252</u>	<u>8,187,476</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in RM, which is one of the Group's entities functional currency as at the end of the reporting period was as follows: (cont'd)

	2025		2024	
	USD/RM RM	SGD/RM RM	USD/RM RM	SGD/RM RM
Group (cont'd)				
Financial liabilities:				
Loans and borrowings	-	-	16,656,432	-
Due to related companies	-	680,806	22,556,520	1,491,982
Trade payables	2,635,311	229,939	1,482,509	358,542
Other payables	27,298	-	-	-
	<u>2,662,609</u>	<u>910,745</u>	<u>40,695,461</u>	<u>1,850,524</u>
Currency exposure	<u>725,219,056</u>	<u>7,918,920</u>	<u>921,758,791</u>	<u>6,336,952</u>

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in SGD, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2025		2024	
	USD/SGD RM	RM/SGD RM	USD/SGD RM	RM/SGD RM
Group				
Financial assets:				
Cash and cash equivalents	69,933,835	964	25,663,149	964
Loan to subsidiary	3,245,750	-	3,576,208	-
Due from related companies	265,421	-	51,784,818	-
Other receivables	-	-	134,495	-
	<u>73,445,006</u>	<u>964</u>	<u>81,158,670</u>	<u>964</u>
Financial liabilities:				
Due to related companies	539,913	2,137,122	594,884	2,137,568
Other payables	61,142	33,993	67,197	33,993
	<u>601,055</u>	<u>2,171,115</u>	<u>662,081</u>	<u>2,171,561</u>
Currency exposure	<u>72,843,951</u>	<u>(2,170,151)</u>	<u>80,496,589</u>	<u>(2,170,597)</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in MXN, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2025 USD/MXN RM	2024 USD/MXN RM
Group		
Financial assets:		
Cash and cash equivalents	142,993	234,889
Due from related companies	6,744,270	7,599,068
Other receivables	101,606	114,484
	6,988,869	7,948,441
Financial liability:		
Due to related companies	319	-
	6,988,550	7,948,441
Currency exposure	6,988,550	7,948,441

The Group's exposure to foreign currency risk, based on the carrying amounts of the financial assets and financial liabilities not denominated in USD, which is one of the Group's entities functional currency as at the end of the reporting period was as follows:

	2025		2024	
	SGD/USD RM	RM/USD RM	SGD/USD RM	RM/USD RM
Group				
Financial assets:				
Cash and cash equivalents	1,028,753	234,912	2,900,843	612,071
Due from related companies	4,264,440	80,660	4,079,588	80,660
Other receivables	-	-	5,972	-
	5,293,193	315,572	6,986,403	692,731
Financial liabilities:				
Due to related companies	4,830,826	-	7,580,265	-
Trade payables	158	-	164	-
Other payables	-	48,429	-	34,927
	4,830,984	48,429	7,580,429	34,927
Currency exposure	462,209	267,143	(594,026)	657,804

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign Currency Risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit net of tax to a reasonably possible change in the USD, RM and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	<u>Increase/(Decrease) in (Loss)/Profit Net of Tax</u>	
	Group	
	2025 RM	2024 RM
USD/RM		
- strengthened 3% (2024: 4%)	(16,534,994)	28,021,467
- weakened 3% (2024: 4%)	16,534,994	(28,021,467)
SGD/RM		
- strengthened 3% (2024: 5%)	(180,551)	240,804
- weakened 3% (2024: 5%)	180,551	(240,804)
SGD/USD		
- strengthened 2% (2024: 1%)	(7,026)	(4,515)
- weakened 2% (2024: 1%)	7,026	4,515
RM/USD		
- strengthened 3% (2024: 4%)	(6,091)	19,997
- weakened 3% (2024: 4%)	6,091	(19,997)
USD/SGD		
- strengthened 2% (2024: 1%)	(1,107,228)	611,774
- weakened 2% (2024: 1%)	1,107,228	(611,774)
RM/SGD		
- strengthened 3% (2024: 5%)	49,479	(82,483)
- weakened 3% (2024: 5%)	(49,479)	82,483
USD/MXN		
- strengthened 3% (2024: 6%)	(159,339)	362,449
- weakened 3% (2024: 6%)	159,339	(362,449)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(e) Classification of Financial Instruments

	Group RM	Company RM
2025		
Financial assets		
<u>Mandatorily at fair value through profit or loss</u>		
Investment securities (Note 20)	12,897,474	6,904,368
Short-term investments (Note 24)	688,135,248	681,982,098
	<u>701,032,722</u>	<u>688,886,466</u>
<u>Amortised cost</u>		
Trade and other receivables (Note 22)	11,186,765	119,628,766
Cash and bank balances (Note 25)	169,903,534	41,314,446
	<u>181,090,299</u>	<u>160,943,212</u>
Financial liabilities		
<u>Amortised cost</u>		
Loans and borrowings (Note 26)	13,749,575	-
Trade and other payables (Note 28)	45,213,046	251,410
	<u>58,962,621</u>	<u>251,410</u>
2024		
Financial assets		
<u>Mandatorily at fair value through profit or loss</u>		
Investment securities (Note 20)	12,379,376	6,736,436
Short-term investments (Note 24)	774,368,147	767,997,038
	<u>786,747,523</u>	<u>774,733,474</u>
<u>Amortised cost</u>		
Trade and other receivables (Note 22)	101,005,428	67,639,886
Cash and bank balances (Note 25)	267,587,690	168,134,578
	<u>368,593,118</u>	<u>235,774,464</u>
Financial liabilities		
<u>Amortised cost</u>		
Loans and borrowings (Note 26)	30,943,049	16,656,432
Trade and other payables (Note 28)	42,246,745	302,644
	<u>73,189,794</u>	<u>16,959,076</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

38. Financial Risk Management Objectives and Policies (cont'd)

(f) Gains or Losses Arising from Financial Instruments

	Group RM	Company RM
2025		
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss by mandatorily required by accounting standard	35,653,213	34,916,525
<u>Amortised cost</u>		
Net (losses)/gains recognised in profit or loss	<u>(34,768,580)</u>	<u>2,133,844</u>
Financial liabilities		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	<u>(1,295,054)</u>	<u>(592,937)</u>
2024		
Financial assets		
<u>Fair value through profit or loss</u>		
Net gains recognised in profit or loss by mandatorily required by accounting standard	8,923,952	7,713,599
<u>Amortised cost</u>		
Net (losses)/gains recognised in profit or loss	<u>(64,226,925)</u>	<u>20,951,970</u>
Financial liabilities		
<u>Amortised cost</u>		
Net gains/(losses) recognised in profit or loss	<u>144,706,639</u>	<u>(2,130,671)</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

39. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios 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 conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is total loans and borrowings divided by equity attributable to equity owners of the Company. The Group's policy is to maintain the gearing ratio at manageable level.

The calculations of the Group's gearing ratios are as follows:

	Note	Group	
		2025 RM	2024 RM
Loans and borrowings	26	13,749,575	30,943,049
Equity attributable to owners of the Company		1,680,603,291	1,782,815,787
Gearing ratio		0.01	0.02

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants, failing which, the bank may call an event of default. The Group has complied with this requirement.

40. Segment Information

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Chairman of the Group as its chief operating decision maker in order to allocate resources to segments and to assess their performance regularly. For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- (a) Gas processing - Provision of onshore gas conditioning and jack-up gas compression services.
- (b) Vessels manufacturing and repairing services - Fabrication and sale of offshore support and marine transportation vessels, and provision of ship repairs and maintenance services.
- (c) Vessels chartering and equipment hire - Provision of vessels transportation and equipment hiring services.
- (d) Hospitality - Development of an overwater bungalow resort.
- (e) Renewable energy - Operation of renewable energy asset.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

40. Segment Information (cont'd)

2025	Gas processing services RM	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Hospitality RM	Renewable energy RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
Revenue:								
External customers	-	8,110,650	47,970,193	-	-	-		56,080,843
Inter-segment	1,297,510	225,781	3,737,243	-	-	(5,260,534)	A	-
Total revenue	1,297,510	8,336,431	51,707,436	-	-	(5,260,534)		56,080,843
Represented by:								
Revenue recognised over time	-	8,706,904	-	-	-	(596,254)		8,110,650
- Vessels repairing services	-	-	47,970,193	-	-	-		47,970,193
- Vessels chartering services	-	8,706,904	47,970,193	-	-	(596,254)		56,080,843
Results:								
Interest income	3,361,540	499,093	607,339	49	-	915,130		5,383,151
Depreciation	21,559,397	2,838,075	8,937,973	607,815	217	12,542		33,956,019
Other non-cash expenses	2,077,244	80,949	42,312,489	160,000	-	64,395,345	B	109,026,027
Share of profit of joint venture	89,467,752	-	-	-	-	-	C	89,467,752
Segment profit/(loss)	23,593,176	1,873,477	(27,111,463)	(1,424,138)	(127,865)	(48,428,939)		(51,625,752)
Assets:								
Additions to non-current assets	3,005	539,837	11,714,057	286,973	15,942,229	25,248	D	28,511,349
Segment assets	612,715,541	249,875,561	105,916,057	37,839,310	16,080,662	733,430,132	E	1,755,857,263
Segment liabilities	3,251,421	32,531,704	7,547,304	29,498	1,541,356	17,475,834	F	62,377,117

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

40. Segment Information (cont'd)

	Gas processing services RM	Vessels manufacturing and repairing services RM	Vessels chartering and equipment hire RM	Hospitality RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
2024							
Revenue:							
External customers	-	23,821,583	53,942,279	-	-		77,763,862
Inter-segment	912,707	1,113,684	2,830,612	-	(4,857,003)	A	-
Total revenue	912,707	24,935,267	56,772,891	-	(4,857,003)		77,763,862
Represented by:							
Revenue recognised over time							
- Vessels repairing services	-	25,589,049	-	-	(1,767,466)		23,821,583
- Vessels chartering services	-	-	53,942,279	-	-		53,942,279
Total	-	25,589,049	53,942,279	-	(1,767,466)		77,763,862
Results:							
Interest income	82,304,955	214,758	5,235,451	2,112	256,442		88,013,718
Depreciation	23,133,203	2,851,150	8,100,650	576,757	10,883		34,672,643
Other non-cash expenses	173,224,394	1,352,713	2,296,428	-	426,819	B	177,300,354
Share of profit of joint venture	68,713,983	-	-	-	-	C	68,713,983
Segment (loss)/profit	(24,187,637)	150,023,048	69,781,560	(714,445)	(11,176,267)		183,726,259
Assets:							
Additions to non-current assets	38,408	384,312	4,188	1,015,348	25,791	D	1,468,047
Segment assets	551,190,144	174,455,782	167,375,727	38,136,850	949,247,818	E	1,880,406,321
Segment liabilities	3,835,894	31,398,350	6,674,440	19,874	37,047,182	F	78,975,740

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

40. Segment Information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amount reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2025 RM	2024 RM
Impairment loss on receivables	8	41,345,837	155,359,806
Deposits written off	10	160,000	-
Fair value loss on investment securities	10	-	422,524
Fair value loss on short-term investments	10	-	105,632
Impairment loss on plant and equipment	10	-	20,033,910
Plant and equipment written off	10	55,347	1,537
Unrealised loss on foreign exchange	10	67,464,843	1,376,945
		<u>109,026,027</u>	<u>177,300,354</u>

C The following items are deducted from segment profit/(loss) to arrive at “(Loss)/Profit before tax” presented in the consolidated statement of profit or loss:

	2025 RM	2024 RM
Finance costs	(1,531,522)	(3,156,993)
Unallocated corporate expenses	(46,897,417)	(8,019,274)
	<u>(48,428,939)</u>	<u>(11,176,267)</u>

D Additions to non-current assets consist of:

	2025 RM	2024 RM
Property, plant and equipment	28,426,416	1,468,047
Right-of-use assets	84,933	-
	<u>28,511,349</u>	<u>1,468,047</u>

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2025 RM	2024 RM
Tax recoverable	1,940,142	3,676,674
Unallocated corporate assets	731,489,990	945,571,144
	<u>733,430,132</u>	<u>949,247,818</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

40. Segment Information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2025 RM	2024 RM
Deferred tax liabilities	2,099,589	2,080,001
Income tax payable	136,757	2,580,988
Loans and borrowings	13,749,575	30,943,049
Lease liabilities	1,178,150	1,123,963
Unallocated corporate liabilities	311,763	319,181
	17,475,834	37,047,182

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2025 RM	2024 RM	2025 RM	2024 RM
Malaysia	12,790,650	28,523,841	101,555,787	89,999,579
Mexico	-	-	170,424,214	211,978,470
Saudi Arabia	43,290,193	48,416,377	38,618,062	38,252,535
Others	-	823,644	1,831,902	2,350,740
	56,080,843	77,763,862	312,429,965	342,581,324

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

	Over time	
	2025 RM	2024 RM
Malaysia	12,790,650	28,523,841
Saudi Arabia	43,290,193	48,416,377
Others	-	823,644
	56,080,843	77,763,862

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

40. Segment Information (cont'd)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2025 RM	2024 RM
Property, plant and equipment	277,274,865	306,673,391
Right-of-use assets	32,202,225	32,873,034
Investment properties	2,952,875	3,034,899
	312,429,965	342,581,324

Information about major customers

There are two (2024: two) major customers from the vessels repairing and vessels chartering segment that contributed more than 10% to the Group's revenue.

41. Dividend

Group and Company

2025 RM	2024 RM
------------	------------

Recognised during the financial year:

Dividend on ordinary shares:

- Special interim single tier dividend for 2024:
5.0 sen per share

27,156,050	-
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On 16 April 2026, the Company declared a special interim single tier dividend of 3 sen per ordinary share for the current financial year, payable on 22 May 2026, to shareholders whose names appearing in the record of depositors on 5 May 2026. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

The Directors do not recommend any final dividend to be paid in respect of the current financial year.

42. Significant Events During The Financial Year

- (a) On 6 January 2025, Coastal Drilling Pte. Ltd. ("CD"), a wholly-owned subsidiary of the Company, had incorporated a 60%-owned subsidiary under Companies Act (Cap 50) in Singapore known as Coastal Watt Energy Pte. Ltd. ("CWE"). CWE is a private company limited by shares. The issued and paid-up capital of CWE is SGD100,000 comprising of 100,000 ordinary shares. The intended principal activity of CWE is investment holding.

The incorporation of CWE is part of the proposed collaboration between CD and Hongkong Watt Energy Tec Co., Ltd, ("HWET") in capitalising opportunities in the renewable energy industry. The Parties has on 7 January 2025 entered into a Shareholders' Agreement, which regulated the governance, as well as the terms and conditions for the proposed collaboration.

- (b) On 26 June 2025, Coastal Solar Sdn. Bhd. ("CSSB"), a 95%-owned subsidiary of the Company, had signed a Power Purchase Agreement ("PPA") with Sabah Electricity Sdn. Bhd. ("SESB") for the development and operation of a Large-scale Solar PV Plant of 15.00 MWa.c. at Sandakan, Sabah.

Pursuant to the PPA, CSSB will design, construct, own, operate and maintain a 15.00 MWa.c. solar photovoltaic energy generating facility ("Facility"), and sell the energy generated by the Facility to SESB for a period of 25 years from the commercial operation date.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025 (cont'd.)

42. Significant Events During The Financial Year (cont'd)

- (c) On 19 December 2025, the consortium consisting of the joint venture of the Company, Coastoil Dynamic, S.A. de C.V. ("CODY"), Sistemas Integrales De Compresion S.A. de C.V. and Nuvoil S.A. de C.V. (collectively known as "the Consortium") had entered into a contract with Petroleos Mexicanos ("Pemex"), the Mexican state-owned petroleum company ("the Contract").

Pursuant to the Contract, the Consortium, with CODY acting as the Consortium leader will undertake the following scopes of work and service:

- (i) engineering, procurement and construction of a new gas sweetening plant with a processing capacity of 150 mmscfd ("2nd Papan Plant");
- (ii) design, engineering, procurement, installation, interconnection, testing and commissioning of the related permanent infrastructure of the 2nd Papan Plant;
- (iii) provision of gas sweetening services by 2nd Papan Plant;
- (iv) design, engineering, procurement and construction of a new separation plant with a separation capacity to handle 900 mmscfd of gas and 56,000 bpd of oil; and
- (v) design, engineering, procurement, installation, interconnection, testing and commissioning of a new condensate pipeline for the transportation of oil condensate.

43. Event Occurring After The Reporting Period

On 23 January 2026, the consortium comprising the joint venture of the Company, Coastoil Dynamic, S.A. de C.V. ("CODY"), Sistemas Integrales De Compresion S.A. de C.V. and Nuvoil S.A. de C.V. (collectively known as "the Consortium") had received an Emergency Work Instruction ("EWI") from Petroleos Mexicanos ("Pemex"), the Mexican state-owned petroleum company.

Pemex, via its EWI dated 23 January 2026, advised that gas flaring at the Ixachi Field has resulted in an emergency situation requiring immediate action to reduce the gas flaring. In view of the emergency situation, it was not feasible to conduct the timely standard open tender procedure and the Consortium was instructed to immediately proceed, on an exceptional basis with the design, supply, construction, installation and commissioning of a gas sweetening plant with a capacity of up to 200 mmscfd (2nd Perdiz Plant) for the processing of wet sour gas near to the existing Perdiz Plant.

44. Authorisation of Financial Statements for Issue

The financial statements for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Directors on 24 April 2026.

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.

(a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 RM	2024 RM
Revenue		56,080,843	77,763,862
Interest income		5,383,151	88,013,718
Other income		43,645,412	263,180,826
Share of profit of joint ventures		89,467,752	68,713,983
Total		194,577,158	497,672,389
Total Assets		1,755,857,263	1,880,406,321

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM	2024 RM
Dividend income received from conventional shares and instruments		13,113,630	1,650,193
Gain from investment in conventional instruments		22,123,866	7,387,305
Interest income		5,324,525	87,917,468
Rental income received from tenant involved in Shariah non-compliant activities		313,358	289,569
Total		40,875,379	97,244,535

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 RM	2024 RM
Cash at bank (exclude cash in hand)		2,365,664	3,434,427
Cash in hand		194,625	139,437
Financial assets/instruments		2,600,788	2,650,906
Money market instruments		45,364,411	-
Total		50,525,488	6,224,770

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

(c) Component of Financial Position (cont'd)

(i) Cash Component (cont'd)

Conventional Account/Instruments	Remarks	Group	
		2025 RM	2024 RM
Cash at bank (exclude cash in hand)		79,282,267	202,441,685
Short-term deposits		88,060,978	61,572,141
Financial assets/instruments		10,296,686	9,728,470
Money market instruments		642,770,837	774,368,147
Total		820,410,768	1,048,110,443

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 RM	2024 RM
Current			
Term loan		211,966	247,088
Amount due to Shareholder/Subsidiary/ Associate/Joint Venture/Directors/ Third Party without interest	Loan from non- controlling interests	811,359	894,055
Non-Current			
Term loan		-	211,713
Total		1,023,325	1,352,856

Conventional Borrowing	Remarks	Group	
		2025 RM	2024 RM
Current			
Hire purchase payables		185,495	182,298
Revolving credit		12,000,000	12,000,000
Term loan		-	16,656,432
Non-Current			
Hire purchase payables		540,755	751,463
Total		12,726,250	29,590,193

List of Properties in the Group

Property/ Location address	Age of buildings	Tenure/ Expiry date	Description/ existing use	Land Area/ Built-up area	Date of purchase	Valuation date	Net book value (31.12.2025) (RM)
CL 075512168 Off Mile 9, Sungai Seguntor, Labuk Road, Sandakan, Sabah.	21 to 38 years	Leasehold / 31.12.2073	Shipbuilding & Repairs Facility	17.66 acres/ 76,348.43 sq ft	24.04.1990	11.05.2001	3,059,064
1/50 undivided share of TL077508886 Lot 4A, 4th Floor, Wisma Wemin, Mile 1 1/2, Leila Road, Sandakan, Sabah.	39 years since 1987	Leasehold / 15.12.2910	1 unit residential flat	1.027 acres / 900 sq ft	14.12.1995	11.05.2001	16,339
1/2 undivided share of TL077534313 Lot 3A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	42 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.08.1997	11.05.2001	93,580
1/2 undivided share of TL077534313 Lot 3B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	42 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.08.1988	11.05.2001	88,178
1/2 undivided share of TL077534304 Lot 4A, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	42 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	20.04.1991	11.05.2001	89,461
CL 075360673 CL 075360664 CL 075360655 CL 075366022 CL 075366013 CL 075366004 CL 075448930 CL 075448921 Mile 8, Jalan Datuk Tay, Off Jalan Lintas Sibuga, Sandakan, Sabah.	16 to 19 years ↓	Leasehold / 31.12.2073 31.12.2073 31.12.2073 31.12.2073 31.12.2078 31.12.2078 31.12.2088 31.12.2088	Shipbuilding & Repairs Facility and Land for Solar PV Plant Development	2.07 acres 1.80 acres 1.99 acres 6.30 acres 12.83 acres 11.38 acres 8.00 acres 8.00 acres	06.08.2004 ↓ ↓	22.03.2006 ↓ ↓	22,725,536
CL 075360397 CL 075360404 Mile 8, Jalan Datuk Tay, Off Jalan Lintas Sibuga, Sandakan, Sabah.	N/A ↓	Leasehold / 31.12.2071 31.12.2071	Vacant Land	2.23 acres 2.17 acres	26.02.2007 ↓	N/A ↓	81,784

List of Properties in the Group (cont'd.)

Property/ Location address	Age of buildings	Tenure/ Expiry date	Description/ existing use	Land Area/ Built-up area	Date of purchase	Valuation date	Net book value (31.12.2025) (RM)
CL 075350855 CL 075350864 CL 075350882 CL 075359652 Mile 9, Church Road, Off Jalan Labuk, Jalan Seguntur, Sandakan, Sabah.	17 years ↓	Leasehold / 31.12.2073 31.12.2073 31.12.2073 31.12.2078	Shipbuilding & Repairs Facility ↓	2.36 acres 2.83 acres 10.65 acres 6.20 acres	22.12.2008 ↓	N/A ↓	1,250,410
CL 075366031 Sungai Seguntur, Sandakan, Sabah.	N/A	Leasehold / 31.12.2077	Land for Solar PV Plant Development	6.31 acres	18.05.2010	N/A	981,834
1/2 undivided share of TL077534322 Lot 2B, Block G, Bandar Leila, Jalan Leila, Sandakan, Sabah.	42 years since 1984	Leasehold / 05.02.2888	1 unit double storey terrace workshop cum office	1,685 sq ft / 1,104.5 sq ft	06.06.2011	N/A	134,583
7/206 undivided share of CL075495340 Lot SO197 - SO203, Block A, One Avenue, Phase 8, Bandar Utama, Mile 6, Jalan Utara, Sandakan, Sabah.	14 years	Leasehold / 31.12.2081	7 units double storey shop office	1,475.60 sq m	17.12.2007	N/A	2,952,875
CL 125340418 Pulau Mabul, Semporna, Sabah.	N/A	Leasehold / 31.12.2067	Held for development	31.15 hectares	13.03.2024	13.03.2024	36,658,251
NT 123035754 Kg. Pakalangan, Semporna, Sabah.	N/A	Freehold / N/A	Held for development	3.477 hectares	09.07.2024	N/A	1,000,000

Analysis of Shareholdings

As at 24 March 2026

STATISTICS ON ORDINARY SHAREHOLDINGS AS AT 24 MARCH 2026

Total Number of Issued Shares Including Treasury Shares	561,532,971 Ordinary Shares
Type of Shares	Ordinary Shares
Voting Rights	One vote per Ordinary Share
No. of Treasury Shares Held	18,133,700 Ordinary Shares

Analysis of Shareholdings Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share
Less than 100	248	9,857	0.00
100 to 1,000	794	397,687	0.07
1,001 to 10,000	1,820	8,614,939	1.59
10,001 to 100,000	876	27,442,663	5.05
100,001 to less than 5% of issued shares	166	277,352,533	51.04
5% and above of issued shares	4	229,581,592	42.25
Total	3,908	543,399,271	100.00

List of Thirty Largest Securities Accounts Holders

No.	Name	No. of Shares	%
1.	IVORY ASIA SDN. BHD.	84,746,660	15.60
2.	IVORY ASIA SDN. BHD.	66,666,666	12.27
3.	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS-SAMARANG ASIAN PROSPERITY	45,301,600	8.34
4.	PANG FONG THAU	32,866,666	6.05
5.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHIN KOK (B TINGGI-CL)	24,353,254	4.48
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHIN SHIN	24,291,320	4.47
7.	ONG SENG HENG	23,945,100	4.41
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHIN KEUAN	23,916,287	4.40
9.	PANG FONG THAU	23,006,200	4.23
10.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHIN HENG (KKINABALU-CL)	18,971,500	3.49
11.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	14,065,900	2.59
12.	NG CHIN HENG	11,375,201	2.09
13.	PANG FONG THAU	10,609,509	1.95

Analysis of Shareholdings

As at 24 March 2026

List of Thirty Largest Securities Accounts Holders (Cont'd)

No.	Name	No. of Shares	%
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	7,200,000	1.33
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	6,576,600	1.21
16.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN BHD (MY0507)	4,623,400	0.85
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE (7001913)	4,143,400	0.76
18.	JCBNEXT BERHAD	4,114,000	0.76
19.	LEE SEE JIN	3,918,000	0.72
20.	SUSY DING	3,768,500	0.69
21.	NG CHIN HENG	3,733,333	0.69
22.	NG CHIN HENG	3,666,666	0.68
23.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,166,773	0.58
24.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	2,798,700	0.52
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	2,759,400	0.51
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI (KLC/KEN)	2,195,000	0.40
27.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIOW MING YEW (KKINABALU-CL)	2,070,600	0.38
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,935,600	0.36
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE (E-BPT)	1,836,800	0.34
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YOONG KAH YIN (PB)	1,410,000	0.26

Analysis of Shareholdings

As at 24 March 2026

Substantial Shareholders

No.	Name	No. of Shares Held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	IVORY ASIA SDN. BHD.	151,413,326	-	27.86	-
2.	PANG FONG THAU	66,482,375	^a 189,160,026	12.23	34.81
3.	SAMARANG UCITS – SAMARANG ASIAN PROSPERITY	45,301,600	-	8.34	-
4.	NG CHIN HENG	37,746,700	^b 217,895,701	6.95	40.10

Directors' Shareholdings

No.	Name	No. of Shares Held		% of Issued Share	
		Direct	Indirect	Direct	Indirect
1.	NG CHIN HENG	37,746,700	^c 218,292,634	6.95	40.17
2.	NG CHIN SHIN	24,291,320	-	4.47	-
3.	ALICE NG	784,566	-	0.14	-
4.	HJ. IR. INTIZAM BIN AYUB	200,000	-	0.04	-
5.	SEETO YEE @ SEETO TIN YEE	-	-	-	-
6.	TEO GIM SUAN	-	-	-	-

^a Deemed interests by virtue of shareholdings of husband, Mr. Ng Chin Heng and Ivory Asia Sdn. Bhd. in the Company.

^b Deemed interests by virtue of shareholdings of wife, Madam Pang Fong Thau and Ivory Asia Sdn. Bhd. in the Company.

^c Deemed interests by virtue of shareholdings of wife, Madam Pang Fong Thau, shareholdings of son, Mr. Ng San Chen, shareholdings of daughter, Madam Ng San Yin and Ivory Asia Sdn. Bhd. in the Company.



COASTAL CONTRACTS BHD.
Registration No. 200001015043 (517649-A)
(Incorporated in Malaysia)

CDS Account No.

FORM OF PROXY

I/We, NRIC/Company No.
of
being a Member/Members of COASTAL CONTRACTS BHD., hereby appoint
NRIC/Passport No. Of
or failing him/her NRIC/Passport No.
of or failing him/her,

THE CHAIRMAN OF THE MEETING as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Twenty- Fifth Annual General Meeting of the Company to be held at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Friday, 19 June 2026 at 10.00 am or at any adjournment thereof and to vote as indicated below:-

No.	Resolutions	For	Against
1.	To approve the payment of fees and benefits to Non-Executive Directors.		
2.	To re-elect Mr. Ng Chin Heng as Director.		
3.	To re-elect Mr. Seeto Yee @ Seeto Tin Yee as Director.		
4.	To re-elect Madam Teo Gim Suan as Director.		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	Proposed retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director.		
7.	Authority to issue shares pursuant to the Companies Act 2016.		
8.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the Meeting will act as proxy.

Signed this day of 2026

No. of ordinary shares held

Percentage of shareholdings to be represented by proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100%

.....
Signature/common seal of Member(s)

Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.
- (b) For the purpose of determining member's eligibility to attend this Meeting, only member whose name appears in the Record of Depositors as at 12 June 2026 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- (c) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint not more than 2 proxies to attend and vote in his stead at the Meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
- (d) 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.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at this meeting at which the appointor is entitled to vote.
- (f) The instrument appointing a proxy shall be left at the Registered Office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, or received at the electronic address at ir@coastalcontracts.com, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.
- (g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.



FOLD THIS FLAP FOR SEALING

FOLD HERE



Coastal Contracts Bhd.
Registration No. 200001015043 (517649-A)
Block G, Lot 3B, Bandar Leila
W.D.T. 259, 90009 Sandakan, Sabah

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