Coastal Contracts Bhd. Registration No. 200001015043 (517649-A)
Block G, Lot 3B, Bandar Leila, W.D.T. 259, 90009 Sandakan, Sabah, Malaysia
Tel: +60 89 616 263 | Fax: +60 89 616 654 / 616 795
Email: mail@coastalcontracts.com

MINUTES of the Twenty-Fifth Annual General Meeting of the Company held at the Registered Office, Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Friday, 19 June 2026 at 10:00 am.

1. **PRESENT**

Members:

As per Attendance Lists attached.

Directors:

Mr. Ng Chin Heng
Mr. Ng Chin Shin
Madam Alice Ng
Madam Teo Gim Suan
Mr. Seeto Yee @ Seeto Tin Yee
Tuan Hj. Ir. Intizam Bin Ayub

2. **IN ATTENDANCE**

Ms Ho Ling Ling - Company Secretary

3. **BY INVITATION**

Mr. Kong Wei Ket - Chief Financial Officer/Group Accountant
Mr. Vincent Delgado -Finance Manager, CCB
Madam Tan Shuk Wai – Chief Accountant, CCB
Mr. Chong Wei-Chnoong - Messrs Crowe Malaysia PLT
Ms. Ashlin Fong Wei Li- Messrs Crowe Malaysia PLT
Mr. Chiang Wai Lik - Messrs. Tsang & Co.
Ms. Siow Pui Nyuk - Messrs. Tsang & Co.

4. **CHAIRMAN OF THE MEETING**

The Meeting commenced at 10:03 am with the Chairman, Mr. Ng Chin Heng in the Chair. The Chairman, on behalf of the Board and the Company, welcomed all present at the Twenty-Fifth Annual General Meeting of the Company. The Chairman then reminded the members and proxies present to sign the Attendance Register.

5. **QUORUM**

The Company Secretary confirmed that the requisite quorum was present.

6. **NOTICE**

The Chairman remarked that the notice convening the Meeting had been in the hands of the members for the necessary period and shall be taken as read.

MINUTES OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING [CONT'D]

7. **AGENDA 1**

REPORTS AND AUDITED FINANCIAL STATEMENTS : The Chairman proceeded to the first item on the Agenda, which was to receive the Reports and Audited Financial Statements for the financial year ended 31 December 2025 ("FY2025").

He informed the Members that the purpose of this agenda item was to receive and discuss the Reports and Audited Financial Statements for FY2025. He further explained that, pursuant to Section 340(1)(a) of the Companies Act 2016, the Reports and Audited Financial Statements are laid before the Members for discussion only and do not require formal approval by the Members. Accordingly, this agenda item was not put to a vote.

The Chairman then invited the Members to raise any questions or seek clarification on the Reports and Audited Financial Statements for FY2025.

In view of the fact that no Members or proxies raised any questions at the Meeting, the Chairman informed those present that the Company had received a set of questions from the Member, Badan Pengawas Pemegang Saham Minoriti Berhad ("MSWG") on 15 June 2026.

The Chairman further informed the Meeting that a total of five (5) questions had been received, comprising four (4) questions relating to operational and financial matters and one (1) question relating to corporate governance matters.

The Chairman then invited Madam Alice Ng to read out the Company's responses to the MSWG's questions for the information of those present at the Meeting. A copy of which is annexed to these Minutes as Annexure I.

Following the sharing of the Company's responses to the MSWG's questions and as no further questions were raised by the Members, the Chairman proceeded with the Meeting.

The Chairman then informed the Members present that, pursuant to the Main Market Listing Requirements, all proposed resolutions set out in the Notice of General Meeting would be put to a vote by way of poll.

The Chairman proposed that, in the interest of time, the poll voting for all the proposed resolutions be conducted simultaneously upon the conclusion of the tabling of all the motions under Agenda 2 to Agenda 7 as set out in the Notice of the Twenty-Fifth Annual General Meeting.

The Chairman's proposal was duly seconded by Mr. Lam Jin Yip and, there being no objection from those present, it was RESOLVED:

" THAT, in the interest of time, the poll voting for all the proposed resolutions be conducted simultaneously upon the conclusion of the tabling of all the motions under Agenda 2 to Agenda 7 as set out in the Notice of the Twenty-Fifth Annual General Meeting. "

8. **AGENDA 2**

APPROVAL FOR THE PAYMENT OF FEES AND BENEFITS TO NON-EXECUTIVE DIRECTORS FOR THE PERIOD FROM 20 JUNE 2026 UNTIL THE NEXT ANNUAL GENERAL MEETING : **RESOLUTION 1**

The Chairman proceeded to Agenda 2, which was to approve the payment of Directors' Fees and Benefits to the Non-Executive Directors of up to, but not exceeding RM210,000/- for the period from 20 June 2026 until the next Annual General Meeting of the Company.

The motion was duly proposed by Madam Fong Xiao Yun and seconded by Madam Wong Tshun Siow.

The motion having been proposed and seconded, the Chairman proceeded to Agenda 3.

9. **AGENDA 3**

RE-ELECTION OF DIRECTORS : The Chairman, Mr. Ng Chin Heng, informed the Meeting that he together with Mr. Seeto Yee @ Seeto Tin Yee would retire as Directors at this Annual General Meeting pursuant to Clause 100 of the Company's Constitution. He further informed that Madam Teo Gim Suan would retire as a Director pursuant to Clause No. 97 of the Company's Constitution. Being eligible, all of them offered themselves for re-election.

At this juncture, the Chairman informed the Meeting that, as he was the subject of Resolution 2, he would temporarily vacate the Chair and invited Madam Alice Ng to preside over the Meeting for the consideration of the said resolution. In the interest of good corporate governance, the Chairman also declared that he would abstain from voting on Resolution 2.

Madam Alice Ng then assumed the Chair and tabled Resolution 2 for consideration.

MINUTES OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING [CONT'D]

RESOLUTION 2

The motion to approve the re-election of Mr. Ng Chin Heng as a Director was duly proposed by Ms. Keren Kong Ka Li and seconded by Ms. Jessiane Junas.

Upon conclusion of the consideration of the said resolution, Madam Alice Ng invited the Chairman to resume the Chair.

Mr Ng Chin Heng thanked Madam Alice Ng for presiding over the Meeting during the consideration of Resolution 2 and resumed the Chair. He also thanked the Members for their support in re-electing him as a Director. The Chairman then proceeded to table Resolution 3 for the Meeting's consideration.

RESOLUTION 3

The motion to approve the re-election of Mr. Seeto Yee @ Seeto Tin Yee as a Director was duly proposed by Madam Christina Binti Petrus and seconded by Mr. Lam Jin Yip.

The motion having been proposed and seconded, the Chairman proceeded to Resolution 4.

RESOLUTION 4

The motion to approve the re-election of Madam Teo Gim Suan as a director was duly proposed by Madam Fong Xiao Yun and seconded by Madam Wong Tshun Siow.

The motion having been proposed and seconded, the Chairman proceeded to Agenda 4.

10. **AGENDA 4**

RE-APPOINTMENT OF AUDITORS : The Chairman proceeded to the next agenda item, which was the re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company and the authorisation for the Directors to determine their remuneration. He informed the Members present that Messrs. Crowe Malaysia PLT, being the retiring Auditors, had expressed their willingness to accept re-appointment.

RESOLUTION 5

The motion to approve the re-appointment of Messrs. Crowe Malaysia PLT as the Auditors of the Company until the conclusion of the next Annual General Meeting at a fee to be agreed with the Directors was duly proposed by Ms. Keren Kong Ka Li and seconded by Ms. Jessiane Junas.

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The motion having been proposed and seconded, the Chairman proceeded to Agenda 5.

11. **AGENDA 5**

PROPOSED RETENTION OF TUAN HJ. IR. INTIZAM BIN AYUB AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

: The Chairman proceeded to the next agenda item, which was to consider the proposed retention of Tuan Hj. Ir. Intizam Bin Ayub, who had served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company up to 6 October 2026, being the final day of the twelve (12)-year tenure limit.

The Chairman informed the Meeting that the Board, notwithstanding the above, had, through the Nomination Committee, assessed, reviewed and determined that Tuan Hj. Ir. Intizam who has served the Company as Independent Director for a cumulative term of more than nine (9) years, remains objective and independent based on the following justifications:

(i) He fulfils the criteria of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(ii) With his 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 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.

He also informed that according to the Malaysian Code on Corporate Governance, the proposed retention of Tuan Hj. Ir. Intizam as an Independent Director who has served the Company for a cumulative term of more than 9 years, would be subject to shareholders' approval via a two-tier voting process i.e. shareholders' votes would be cast in the following manner at the same Meeting:

Tier 1: Only the Large Shareholder(s) vote
Tier 2: Shareholders other than Large Shareholders vote

He further explained that "Large Shareholder" refers to a person who:

1. is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company.

2. is the largest shareholder of voting shares in the Company.

3. has the power to appoint or cause to be appointed a majority of the directors of the Company; or

4. has the power to make or cause to be made decisions in respect of the business or administration of the Company and to give effect to such decisions or cause them to be given effect to.

The proposed resolution would be deemed passed provided both Tier 1 and Tier 2 votes supported the resolution.

RESOLUTION 6

The following motion to approve the retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director was duly proposed by Madam Christina Binti Petrus and seconded by Mr. Lam Jin Yip:

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). "

The motion having been proposed and seconded, the Chairman proceeded to Agenda 6.

12. **AGENDA 6**

AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 : The Chairman informed the Meeting that the next item of Agenda was to consider the proposed authority for the Directors to issue and allot 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.

The Chairman explained that the proposed authority would also empower the Directors to issue new shares without first offering such shares to existing shareholders in proportion to their shareholdings, pursuant to the provisions of the Company's Constitution and Section 85 of the Companies Act 2016.

He further informed the Meeting that, unless revoked or varied by the Company in a general meeting, the authority would expire at the next Annual General Meeting.

RESOLUTION 7

The following motion in relation to the Authority to issue shares pursuant to the Companies Act 2016 was duly proposed by Madam Fong Xiao Yun and seconded by Madam Wong Tshun Siow:

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.

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. "

The motion having been proposed and seconded, the Chairman proceeded to Agenda 7.

13. **AGENDA 7**

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY : The Chairman informed the Meeting that the next item of Agenda was to consider the Proposed Renewal of Share Buy-Back Authority to enable the Company to purchase its own shares.

The Chairman explained that, if the proposed resolution was passed, it would empower the Directors of the Company to buy back and/or hold, from time to time, not exceeding 10% of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad, upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company.

The Chairman further informed the Members that details of the Proposed Renewal of Share Buy-Back Authority were set out in the Share Buy-Back Statement dated 30 April 2026, which should be referred to for further information.

RESOLUTION 8

The following motion was duly proposed by Ms. Keren Kong Ka Li and seconded by Ms. Jessiane Junas:

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. "

The Chairman noted that the final motion had been duly proposed and seconded and directed that voting by poll be taken immediately on Resolutions 1 to 8.

The Chairman informed the Meeting that Mr. Chiang Wai Lik of Messrs. Tsang & Co has been appointed as the Scrutineer to validate the votes cast at the Meeting. He further informed the Members and proxies that each ordinary share held was entitled to one (1) vote on a poll.

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Upon all Members and proxies having cast their votes, the Chairman proposed that the Meeting be adjourned pending the completion of the vote counting.

Madam Chrisina Binti Petrus seconded the proposal.

Upon the Scrutineer having verified and confirmed the poll results, the Chairman reconvened the Meeting and declared that a quorum was present. He then invited the Company Secretary to announce the results of the poll, which had been duly verified and confirmed by the Scrutineer, as set out in Annexure II to these Minutes.

15. **CLOSURE**

Upon the announcement of the poll results and the Company Secretary's confirmation that no notice had been received of any other business to be transacted at the Meeting, the Chairman thanked the Company Secretary and declared the Meeting closed at 11:37 am.

Signed as a correct record

....
NG CHIN HENG
(Chairman)

Annexure I

MSWG
MINORITY SHAREHOLDERS WATCH GROUP

12 June 2026

Reference: MSWG-CM-05-24/26
By Email

The Board of Directors
COASTAL CONTRACTS BHD
Block G, Lot 3B, Bandar Leila
W.D.T. 259, 90009 Sandakan, Sabah

Attention: Ms Ho Ling Ling/ Ms Tai Khyun Khyun
Company Secretaries

Dear Directors,

25TH ANNUAL GENERAL MEETING ("AGM") OF COASTAL CONTRACTS BHD ("COASTAL" OR THE "COMPANY") TO BE HELD ON FRIDAY, 19 JUNE 2026

In consideration of the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational and Financial Matters

1. The primary engine of operational profitability is entirely housed within the 50%-owned Mexican joint venture, Coastoil Dynamic, S.A. de C.V. (CODY), which achieved a 19% increase in profit before tax to RM233.9 million.

   Given that Petroleos Mexicanos (Pemex) represents a highly concentrated sovereign counterparty risk profile, what explicit legal and structural frameworks govern the cash repatriation and dividend upstreaming protocols from CODY back to the Malaysian parent entity?

2. The net impairment loss on receivable amounted to RM39.99 million and RM152.24 million for the FY2025 and FY2024 respectively.

   (a) What structural breakdowns occurred within the Group's counterparty onboarding and credit risk auditing processes that allowed such an extensive receivable to build?

(b) What specific legal enforcement remedies or contract lien structures are actively being executed to claw back?

3. The Group's consolidated net loss was primarily exacerbated by a heavy RM86.0 million net foreign exchange loss arising from currency conversion translation as the Ringgit strengthened against the USD.

   Given that the vast majority of current short-term investments and future EPC revenue blocks from the Papan expansion contracts are natively USD-denominated, why has the Company resisted deploying formal derivative hedging matrices or forward contracts? How does the Board justify leaving the Company's financial results entirely exposed to macro currency volatility?

4. Coastal has historically built its business around marine fabrication, engineering and gas processing activities.

   (a) What is the strategic rationale for diversifying into the luxury hospitality sector, which is outside the Group's traditional areas of expertise?

   (b) In addition, what financial or operational performance targets has the Board established for this project, and under what circumstances would the Board consider discontinuing the venture and refocusing its resources on the Group's core energy infrastructure business?

Corporate Governance Matters

5. The Group is taking on increasingly large and technically demanding engineering projects in Mexico.

   Tuan Hj. Ir. Intizam, whose expertise is deeply rooted in maritime ship vetting and Petronas project development, will serve as an Independent Director only until 6 October 2026.

   Given the increasing scale and technical complexity of the Group's projects, and with future Board leadership appearing to be more commercially oriented, how does the Board intend to ensure that sufficient technical expertise and oversight are maintained at the Board level?

We look forward to your reply. Additionally, please present the questions raised and the related answers to the shareholders present at the forthcoming AGM.

Thank you.

Yours sincerely

MINORITY SHAREHOLDERS WATCH GROUP

Answers to MSWG Questions as per MSWG letter dated 12 June 2026

Question 1

The primary engine of operational profitability is entirely housed within the 50%-owned Mexican joint venture, Coastoil Dynamic, S.A. de C.V. (CODY), which achieved a 19% increase in profit before tax to RM233.9 million.

Given that Petroleos Mexicanos (Pemex) represents a highly concentrated sovereign counterparty risk profile, what explicit legal and structural frameworks govern the cash repatriation and dividend upstreaming protocols from CODY back to the Malaysian parent entity?

Q1 Answer

The Board recognises that Petroleos Mexicanos ("Pemex") represents a concentrated sovereign counterparty risk. However, the cash repatriation and dividend upstreaming protocols from the 50%-owned Mexican joint venture, CODY, back to the Malaysian parent entity are governed by a clear and legally binding framework.

Under Mexican law (notably the Foreign Investment Law and the Bank of Mexico Law), there are no restrictions on the repatriation of funds abroad. This is confirmed by our operating track record: we previously extended an aggregate intercompany loan of USD171.3 million from Coastal Marine Pte Ltd ("CMPL"), a Singapore-incorporated wholly-owned subsidiary of Coastal Contracts Bhd to CODY back in year 2021 to 2022. CODY successfully remitted all monthly interest payments without restriction and subsequently made principal repayments of USD3.0 million in 2022, USD9.0 million in 2023, USD149.8 million in December 2024, and the remaining balance of USD9.5 million between January and April 2025 – all of which were successfully remitted back to CMPL. These funds were thereafter upstreamed from CMPL to the ultimate Malaysian parent entity, Coastal Contracts Bhd, further demonstrating the full and unrestricted mobility of cash across the Group's structure. Accordingly, there is no actual or legal restriction on cash repatriation from CODY.

In summary, the legal framework under Mexican law (notably the Foreign Investment Law and the Bank of Mexico Law) imposes no restrictions on the repatriation of funds abroad, as demonstrated by our successful track record of interest and principal repayments. Consequently, any future dividend upstreaming from CODY will first be declared and remitted to CMPL that holds the direct 50% equity interest in CODY, and only thereafter *will such dividends be repatriated to the ultimate Malaysian parent entity, Coastal Contracts Bhd.*

Question 2(a)

The net impairment loss on receivable amounted to RM39.99 million and RM152.24 million for the FY2025 and FY2024 respectively.

(a) What structural breakdowns occurred within the Group's counterparty onboarding and credit risk auditing processes that allowed such an extensive receivable to build?

Q2(a) Answer

The impairment loss on receivable of RM39.99 million in FY2025 and RM152.24 million in FY2024 were not caused by a breakdown in the Group's credit risk processes. The Group maintains a counterparty onboarding process that includes initial credit assessments, including review of financial statement where available prior to signing charter contracts.

As for the impairment loss on receivable of RM152.24 million, the Group had also carefully considered the sovereign risk of Mexico and Pemex's credit rating back in 2013 when Management decided to pursue the JUGCSU project. At that time, Mexico's sovereign ratings were solidly investment-grade across all three major rating agencies, with stable to positive outlooks. Pemex, as the state-owned oil company and the consortium's ultimate obligor, also carried investment-grade ratings, reflecting Mexico's strong macroeconomic fundamentals and the government's strategic support for Pemex. These favourable credit assessments provided Management with reasonable assurance regarding the country risk profile and the creditworthiness of the ultimate counterparty at the time the investment decision was made.

The build-up of these receivables was due to the following factors:

1. FY2025 Impairment (RM39.99 million) – TC7 Liftboat Charterer ("TC7 Charterer")

Once a charter contract is signed and the vessel is deployed, the Group has no practical means to continuously monitor the charterer's internal financial health. A creditworthy counterparty can deteriorate rapidly due to market downturns or poor management decisions. In the case of the TC7 Charterer, Management chose a measured approach of monitoring and engagement rather than aggressive early action, given the charterer's reputation, attractive charter rates, and potential for contract extension. This commercial *decision, while based on reasonable commercial considerations at the time, allowed the receivable to accumulate over time.*

The Group continues to review its monitoring procedures to enhance early warning indicators where possible, while recognising that primary mitigation lies in commercial enforcement mechanisms. The Group has since taken decisive recovery steps as detailed in the response to Question 2(b).

2. FY2024 Impairment (RM152.24 million) – Mexican Consortium JUGCSU Charterers ("JUGCSU Charterers")

The Jack-Up Gas Compression Service Unit ("JUGCSU") was custom-engineered to operate exclusively at a specific oil field belonging to Pemex. Given its bespoke design, the asset had zero alternative deployment options without modification to certain extent. The Group could not reasonably stop the charter or withdraw the unit when payment delays began, as doing so would have rendered the asset entirely idle and incapable of generating offsetting revenue.

This operational constraint was compounded by a strict financing covenant. In 2015, Coastal Energy Solutions Pte Ltd ("CES"), owner of the JUGCSU secured a loan facility of approximately USD 130 million from financial institutions in Singapore. A key covenant under this facility expressly prohibited both the cessation of the JUGCSU charter and the initiation of any legal action against the charterer, as either event would constitute an event of default under the loan. Consequently, during the period when the receivable was accumulating, the Group was effectively constrained from exercising its usual contractual remedies or escalating legal recourse. The Group's priority during this period was to continue servicing the loan repayments to the financial institutions using cash flows generated from the contract, which further limited Management's ability to take aggressive recovery actions.

During the charter period, Pemex made payments to the Mexican consortium, albeit on an irregular basis. The consortium, in turn, remitted payments to CES whenever they received charter payments from Pemex.

<u>Question 2(b)</u>

What specific legal enforcement remedies or contract lien structures are actively being executed to claw back?

Q2(b) Answer

1. FY2025 Impairment (RM39.99 million) – TC7 Charterer

The Group, through its wholly-owned subsidiary, Elite Point Pte Ltd ("EPPL"), has taken a measured approach to recovery, balancing payment recovery with the strategic value of the charter relationship.

TC7 Charterer, which is part of a reputable Company in the region made prompt payments during the first three years of the charter period. Delays only emerged from the start of 2025. Given the charterer's strong track record, the attractive charter rate, and the potential for contract extension, Management initially adopted a monitoring approach through regular follow-ups rather than immediate legal action.

Throughout 2025, multiple email reminders were sent, though payments remained irregular. On 7 August 2025, a meeting with TC7 Charterer's Group CEO resulted in an agreed payment plan backed by a corporate guarantee from their Holding Company. While two timely payments were made after the meeting, the third was delayed, prompting EPPL to issue demand letters, first directly and subsequently through a third-party law firm. However, no response was received from TC7 Charterer on both demand letters.

On 5 January 2026, the TC7 Charterer made a partial repayment of USD 1 million. However, as this payment did not resolve the overall outstanding position, Management resolved to escalate the matter by initiating arbitration proceedings. Consequently, on 3 March 2026, EPPL appointed a third-party law firm to represent the Group in the arbitration. On 23 March 2026, the appointed law firm issued a formal Final Legal Notice to the TC7 Charterer, setting out the Group's position and the intended commencement of legal proceedings.

Upon issuance of the Final Legal Notice, the TC7 Charterer made further repayments of USD 700,000 on 21 April 2026 and USD 300,000 on 22 April 2026, demonstrating their willingness to reduce the outstanding debt without escalating to legal proceedings. After partial repayment made in April 2026, the TC7 Charterer submitted a proposed structured *repayment plan to EPPL on 11 May 2026, involving three instalment payments of approximately USD 3 million each, tentatively scheduled for June, July, and August 2026. The Group has noted the proposal and awaits the scheduled repayments. Successful receipt of these scheduled payments would result in the full recovery of the RM39.99 million impairment.*

In summary, the Board continues to monitor the situation closely and remains prepared to proceed with full arbitration should the instalment plan not materialize as agreed or an alternative repayment plan not be agreed upon. The Group is fully committed to maximising recovery of the outstanding amounts and protecting its interests. No specific contract lien structures have been actively executed to date, as the focus has been on negotiated settlement and legal enforcement through formal demand, arbitration proceedings, and the agreed repayment plan.

2. FY2024 Impairment (RM152.24 million) – JUGCSU Charterers

No specific enforcement remedies or contract lien structures are actively being executed to claw back the RM152.24 million receivable. Management has consciously refrained from legal action to avoid any adverse repercussions that could jeopardize the Group's existing and future projects with Pemex through its Mexican Joint Venture ("JV").

In 2021, the Group established a JV Company in Mexico, partnering with one of the consortium members to provide onshore gas conditioning services to Pemex. To date, this JV has successfully secured contracts for four gas conditioning plants (with three currently in operations) and EPC (Engineering, Procurement, and Construction) work for two Permanent Primary Infrastructure projects, separation plant and pipeline. Any legal measures against the consortium (Pemex's direct contractor) could severely damage this business relationship.

Since the end of the charter contract, the Group has not received any further payments from the consortium. Pemex continues to owe outstanding amount of approximately USD65.0 million to the consortium from the charter, and the consortium remains dependent on receiving these payments before they can settle their obligations to the Group. However, Pemex has been unable to settle these amounts due to financial constraints, as the project has been discontinued and is no longer generating any revenue or cash flow to Pemex. Debt settlement discussions with the consortium remain ongoing, contingent upon Pemex's future payments to the consortium. Once Pemex has made its outstanding payments to the consortium, the Group will engage in formal discussions *with the consortium to reach a final settlement on the remaining outstanding debt of USD73.5 million.*

In summary, the Board continues to monitor the situation closely and is actively evaluating enforcement options should settlement discussions not progress satisfactorily. The Group retains all rights to pursue formal enforcement actions or contractual lien structures in the future if necessary. The Group remains fully committed to maximising recovery of the outstanding amounts and protecting its interests. No specific contract lien structures have been actively executed to date, though all contractual rights remain under active review.

<u>Question 3</u>

The Group's consolidated net loss was primarily exacerbated by a heavy RM86.0 million net foreign exchange loss arising from currency conversion translation as the Ringgit strengthened against the USD.

Given that the vast majority of current short-term investments and future EPC revenue blocks from the Papan expansion contracts are natively USD-denominated, why has the Company resisted deploying formal derivative hedging matrices or forward contracts?

How does the Board justify leaving the Company's financial results entirely exposed to macro currency volatility?

<u>Q3 Answer</u>

The Board acknowledges the RM86.0 million net foreign exchange loss reported for the financial year. It is important to emphasise that this loss is predominantly attributable to the translation of USD-denominated deposits placed in conventional fixed deposits and money market funds, rather than any operational foreign currency exposure in Mexico. Critically, this loss has nothing to do with the Papan expansion contracts or the underlying EPC revenue blocks – it arises solely from the revaluation of these liquid monetary assets for consolidation purposes as the MYR strengthened against the USD significantly in Q4 2025. As such, this is strictly a non-cash translation adjustment and does not represent a realised cash loss or an economic cash outflow from the Group's core business activities.

Please note that the Company's functional currency for its core operations – particularly the vessel chartering and shipbuilding divisions is effectively the USD. The rationale for *not deploying formal derivative hedging matrices or forward contracts is grounded in the following strategic and financial considerations:*

Natural Hedging Through USD-Dominant Cash Flows

The Group's revenue and cost structure are overwhelmingly USD-denominated, creating a natural hedge that reduces the need for synthetic hedging instruments:

- Vessel chartering division: The liftboat bareboat charter contracts are priced and settled entirely in USD, and the majority of operating costs – including crewing, maintenance, insurance, spare parts, and consumables – are also denominated in USD.

- Shipbuilding division: All five (5) active shipbuilding contracts currently in force are denominated in USD, covering both construction costs payable to external shipyards and the eventual sale consideration.

Because both inflows (charter hire, vessel sale proceeds) and outflows (shipyard progress payments, vessel operating expenses, financing costs) are matched in USD, the Group's net USD exposure is substantially mitigated without the use of derivatives. Any translation effect on consolidation does not impair the Group's ability to meet its USD obligations or realise its USD revenues.

In summary, given that the Group's revenues, cash holdings, and operational cash flows are overwhelmingly USD-denominated, there is effectively no economic cash exposure to hedge against, making formal derivative contracts entirely unnecessary. Crucially, the reported RM86 million translation loss is strictly an accounting phenomenon – a non-cash consolidation adjustment arising from the revaluation of USD money market deposits – and not a cash impairment. As this loss does not impact actual cash flows, operational liquidity, or the underlying USD value of the business, deploying costly derivative instruments to mitigate a purely paper translation effect would be both uneconomical and unwarranted. The Board therefore views formal hedging as an unnecessary cost burden that provides no real protection against this non-cash accounting volatility.

Question 4(a)

Coastal has historically built its business around marine fabrication, engineering and gas processing activities.

(a) What is the strategic rationale for diversifying into the luxury hospitality sector, which is outside the Group's traditional areas of expertise?

Q4(a) Answer

The Group's core energy infrastructure business (marine fabrication, engineering, gas processing) is closely tied to oil & gas capital cycles, which are highly volatile. Diversifying into luxury hospitality provides a non-correlated revenue stream that can stabilise Group earnings during downturns in energy markets. The hospitality sector offers longer-term, asset-backed cash flows that complement the project-based nature of marine fabrication.

Question 4(b)

In addition, what financial or operational performance targets has the Board established for this project, and under what circumstances would the Board consider discontinuing the venture and refocusing its resources on the Group's core energy infrastructure business?

Q4(b) Answer

The Board emphasises that, to date, no capital expenditure has been committed or incurred for the luxury hospitality project. The Group remains in the "capex rationalisation" phase, meaning that all proposed investments are still undergoing rigorous internal review. No binding construction contracts or development agreements have been entered into. The Group currently holds an 82% stake in the special purpose vehicle (SPV) established for this venture.

The Board has not yet approved the development of the proposed resort. Depending on the outcome of the ongoing capex rationalisation – specifically, if the projected capital expenditure is determined to be too high relative to the expected returns – the Board may decide to discontinue the venture entirely. Furthermore, any adverse change in market conditions, such as a sustained downturn in the luxury hospitality or tourism sector, would also trigger a reassessment and potential discontinuation. In either scenario, the Board retains the option to discontinue the project, which could include selling its 82% stake in the SPV to a third party (e.g., a hospitality specialist, a private equity firm, or a land developer).

Question 5

The Group is taking on increasingly large and technically demanding engineering projects in Mexico.

Tuan Hj. Ir. Intizam, whose expertise is deeply rooted in maritime ship vetting and Petronas project development, will serve as an Independent Director only until 6 October 2026.

Given the increasing scale and technical complexity of the Group's projects, and with future Board leadership appearing to be more commercially oriented, how does the Board intend to ensure that sufficient technical expertise and oversight are maintained at the Board level?

Q5 Answer

The Board acknowledges the valuable contribution of Tuan Hj. Ir. Intizam Bin Ayub, who's maritime and Petronas-based project development expertise has served the Group well. However, the Board is confident that sufficient technical oversight will be maintained after his retirement on 6 October 2026, primarily through the continued presence and active role of Mr. Seeto Yee @ Seeto Tin Yee, an Independent Non-Executive Director.

Mr. Seeto holds a Bachelor's degree in Chemical Engineering from the University of Washington and a Master's degree in Chemical Engineering from the University of Minnesota, USA. He brings over 45 years of hands-on experience across a wide range of technically demanding disciplines, including:

- Plant engineering, construction, commissioning, operations and maintenance;

- Offshore FPSO floating productions and upstream E&P;

- Cryogenic facilities (LNG and ASU);

- Petroleum refining, petrochemicals, chemicals, biodiesel, iron and steel;

- Downstream natural gas distribution and bulking tankage facilities.

Mr. Seeto was previously the Chief Executive Officer of Sabah International Petroleum Sdn. Bhd. ("SIP"), a leading regional provider of operations and maintenance (O&M) and floating production solutions for the oil and gas industry. SIP specialises in the ownership, operation, and maintenance of FPSO and FSO vessels, with a proven track record that *includes launching Malaysia's first converted FPSO and managing long-term assets for PETRONAS. Mr. Seeto is also involved in project and technical management consultancy work. His strong chemical engineering and project delivery background, combined with his hands-on experience in large-scale energy infrastructure, provides rigorous technical oversight at Board level and is directly relevant to the Group's expanding engineering and gas processing activities.*

In addition to Mr. Seeto, the Board retains strong in-house operational knowledge through its Executive Directors, including Mr. Ng Chin Heng (Executive Chairman), Mr. Ng Chin Shin, and Madam Alice Ng, all of whom have decades of practical experience in shipbuilding and vessel chartering in supporting O&G industry, and approximately a decade of experience in gas processing operations gained from our JUGCSU operations. Furthermore, the Group has its own management team embedded within CODY to directly oversee the gas plant operations, including Mr. Jason Liow, who serves as the Chief Operating Officer of CODY. This ensures that the Group maintains day-to-day operational visibility and control over its Mexican assets. The Board also has access to qualified senior management and external technical advisors as needed.

Therefore, while Tuan Hj. Ir. Intizam's departure is a loss, the Board is not left without technical leadership. Mr. Seeto, in his capacity as an independent Non-Executive Director, plays a distinct and independent oversight role at Board level. His extensive chemical engineering and project delivery background will continue to provide rigorous technical oversight, ensuring that the Group's increasingly complex Mexican projects continue to be delivered with sound technical judgment and effective governance controls.

COASTAL CONTRACTS BHD.

Registration No. 200001015043 (517649-A)

(Incorporated in Malaysia)

RESULT OF THE POLL

TWENTY-FIFTH ANNUAL GENERAL MEETING HELD AT BLOCK G, LOT 3B, BANDAR LEILA 90000 SANDAKAN, SABAH ON FRIDAY, 19 JUNE 2026 at 10:00 AM

No.	Resolution		Vote FOR			Vote AGAINST			Total Votes		
			No. of Voters	No. of Shares	%	No. of Voters	No. of Shares	%	No. of Voters	No. of Shares	%
1	To approve the payment of fees and benefits to Non-Executive Directors.		26	329,231,232	100	–	–	–	26	329,231,252	100
2	To re-elect Mr. Ng Chin Heng as Director.		24	291,484,552	100%	–	–	–	24	291,484,552	100
3	To re-elect Mr. Seeto Yee @ Seeto Tin Yee as Director.		25	318,302,552	96-68	1	10,928,700	3-32	26	329,231,252	100
4	To re-elect Madam Teo Gim Suan as Director.		26	329,231,252	100	–	–	–	26	329,231,252	100
5	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		26	329,231,252	100	–	–	–	26	329,231,252	100
6	Proposed retention of Tuan Hj. Ir. Intizam Bin Ayub as an Independent Non-Executive Director.	Tier 1	2	170,188,526	100	–	–	–	2	170,188,526	100
		Tier 2	21	~~145,252,926~~ 145,252,793	91.33	3	13,789,933	8.67	24	159,042,726	100

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7	Authority to issue shares pursuant to the Companies Act 2016.		26	329,231,252	100	–	–	–	26	329,231,252	100
8	Proposed Renewal of Share Buy-Back Authority.		26	329,231,252	100	–	–	–	26	329,231,252	100

Duly verified and confirmed by the Scrutineer representing Messrs Tsang & Co.

Chiang Wai Lik
Roll No. 1386
Head of Scrutineer

Date: 19 June 2026