



Kawan[®]

KAWAN RENERGY BERHAD

(Registration No. 202201039658 (1485355-U))

ANNUAL REPORT
2025

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Proxy Form

ABOUT US

We are a comprehensive engineering solutions provider specialising in the design, fabrication, installation, and commissioning of industrial process equipment, industrial process plant, and renewable energy and co-generation plants. Our approach leverages strong technical expertise to assess customer needs and deliver customised design solutions that address specific engineering requirements. Additionally, we offer in-house capabilities to fabricate, install, and commission these solutions, ensuring high quality and integration. Beyond our core services, we are also engaged in power generation activities, supporting a broader range of industrial and energy needs. With a strong global presence, Kawan Renergy Berhad delivers its products and solutions to industries worldwide, reinforcing our commitment to engineering excellence on an international scale.

GUIDING OUR PURPOSES



Vision

To provide a wide range of engineering services and products to meet the needs of various industries.



Mission

Providing high quality and engineering products and services to our customer, continuous extensive research and development to enhance our strength and business foundation.



Core Value

Committed to Excellence, Integrity, and Collaboration: Kawan Renergy's Dedication to Providing Customised Engineering Solutions and Nurturing Long-Term Relationships with Clients, Partners, and Communities.



SPECIALIST FABRICATION



ENERGY EFFICIENT, RENEWABLE ENERGY POWER



PROCESS PLANT



IPP

PRODUCT APPLICATION

Our product application is applicable to industries like oleochemical and chemical processing, food processing and animal feed, oil and gas, waste recovery, power plant and data centre.

PROUDLY CERTIFIED:

- ISO 9001 – Quality Management System
- ISO 14001 – Environmental Management Systems
- ISO 45001–Occupational Health & Safety Management Systems
- ASME U, U2, S, H
- DOSH Granted Pressure Vessel Fabrication License
- DOSH Granted Gas Piping License
- DOSH Boiler Fabrication & Repair License
- DOSH Clutch Door Manufacturer License
- MyHIJAU Malaysia
- SEDA Listed Manufacturer & Assembler
- Authorized to use R symbol and NB Mark
- EC (Energy Commission) Licence for Generation and Supply of Electricity

OUR BUSINESS ACTIVITIES

Design, fabrication , installation and commissioning solutions

Industrial Process Equipment

- Heat Exchangers
- Pressure Vessels
- Boilers and Heaters



Industrial Process Plants

- Emulsifier (Food & Ester)
- Oleochemical and Chemical Processing
- Thermal Solutions
- Waste Recovery



Clean Energy and Renewable Energy and Power Plants

- Co-generation
- Open and Combined Cycle
- Biogas/landfill
- Data Centre Standby Power

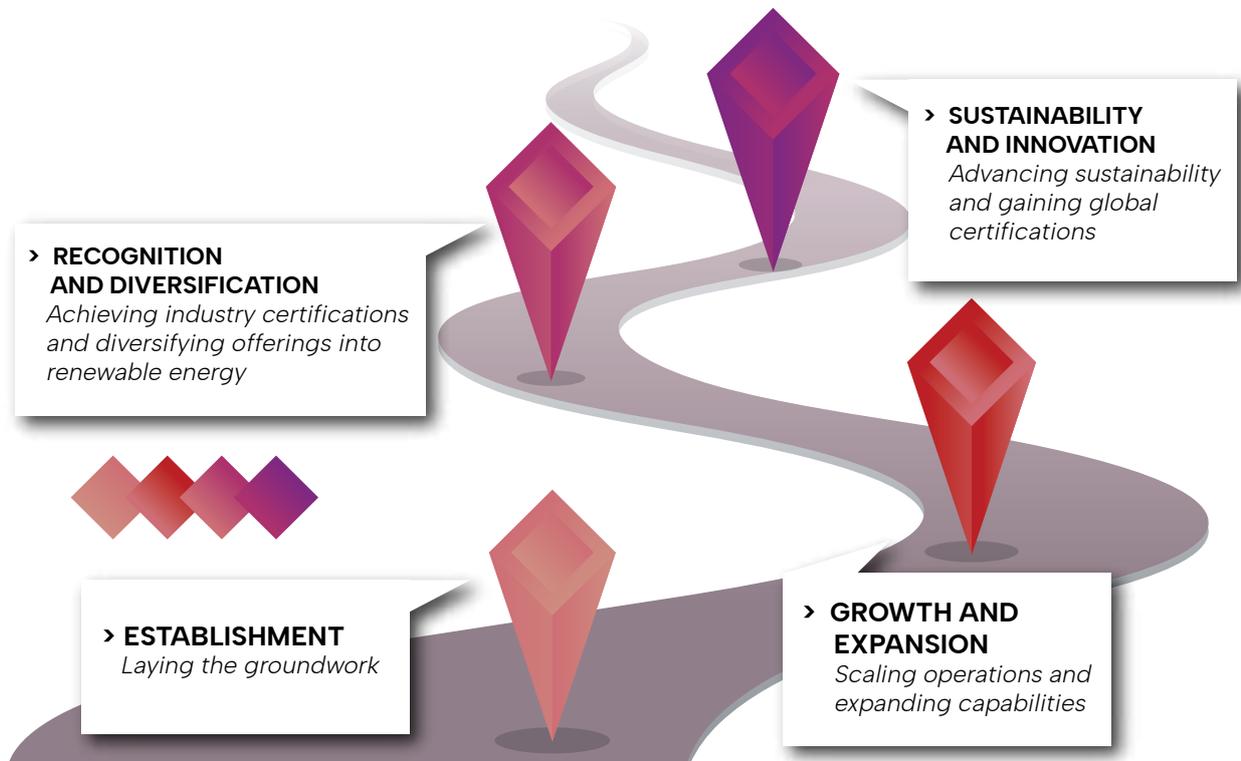


OTHER BUSINESS ACTIVITIES

- Independent Power Producer (“IPP”) involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock.
- Precision engineering specializing in the manufacturing and engineering of high technology products.

ABOUT US

HIGHLIGHTS OF OUR ACHIEVEMENTS



> ESTABLISHMENT

Laying the groundwork

1996

- Commenced business operations with the fabrication of non-pressure vessels and tanks
- Registered with DOSH as a competent firm for the fabrication and repair of pressure vessels and thus, began fabrication and repair of pressure vessels offering

2004

- Acquired a vacant land in Kawasan Perusahaan IGB in Ipoh for the construction of Factory 1

> GROWTH AND EXPANSION

Scaling operations and expanding capabilities

2006

- Completion of construction for Factory 1
- Secured one of our earliest turnkey process plant projects for a biodiesel and phytonutrient plant in Malaysia

2008

- Became an authorised user of ASME U stamp for pressure vessels and heat exchangers with design pressure of between 15 PSIG to 3,000 PSIG manufactured by our Group
- Obtained ISO 9001:2005 Quality Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment
- Registered with DOSH as a competent firm for the fabrication and repair of steam boilers and thus, began our fabrication and repair of steam boilers offering
- Began our design and manufacture of boilers and heaters offering

ABOUT US

HIGHLIGHTS OF OUR ACHIEVEMENTS

2009

- Acquired a vacant land for the construction of Factory 2

2010

- Became an authorised user of the NB mark for our pressure vessels manufactured in accordance with ASME U stamp

2011

- Became an authorised user of the ASME S stamp and ASME H stamp for power boilers and heating boilers, respectively

2012

- Completion of construction of Factory 2

> RECOGNITION AND DIVERSIFICATION

Achieving industry certifications and diversifying offerings into renewable energy

2017

- Became an authorised user of the NB mark for our boilers manufactured in accordance with ASME S and H stamps

2020

- Became an authorised user of the R stamp from The National Board of Boiler & Pressure Vessel Inspectors for repair and alteration of boilers and pressure vessels
- Began offering our design and fabrication of industrial process equipment services for renewable energy and co-generation plants

> SUSTAINABILITY AND INNOVATION

Advancing sustainability and gaining global certifications

2022

- Began our power generation and sale of electricity business through the acquisition of Magenko Group, with an installed capacity of 1.2MW and a net export capacity of 1MW through Bercham Plant located in Bercham Landfill
- Acquired Factory 3 in Kawasan Perusahaan IGB in Ipoh
- Began offering our design, fabrication, installation and commissioning of renewable energy and co-generation plants services
- Obtained the MyHIJAU Mark from Malaysian Green Technology and Climate Change Corporation for our design, fabrication, installation and commissioning of renewable energy and co-generation plants business
- Recognised as an LMA under SEDA for the fabrication and assembly of boilers in biomass plants

2023

- Became an authorised user of the ASME U2 stamp for pressure vessels and heat exchangers with design pressure between 3,001 PSIG and 10,000 PSIG.
- Obtained ISO 14001:2015 Environmental Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment.
- Obtained ISO 45001:2018 Occupational Health and Safety Management Systems for the design, manufacturing and on-site commissioning of pressure vessel, heat exchange system, water and waste treatment and process equipment.

2024

- Obtained 2024 Institute Engineering Malaysia (IEM) Awards, Manufacturing & Production, in Recognition for Contribution in the Engineering Industry - Manufacturing & Production Category for Year 2024.
- Obtained 2024 Asia Pacific Enterprise (APEA) Awards, Corporate Excellence Category, for demonstrating Sustainable Growth, Responsible Leadership and Operational Excellence.
- Obtained the DOSH Clutch Door Manufacturer license.

2025

- Obtained Ministry of Investment, Trade and Industry (MITI) approval to expand our offering and further strengthening the Group's capabilities in energy and power generation solutions, including gasifier, cogeneration, biomass, biogas and diesel engine power systems.

WE ARE IN THE NEWS

Kawan Renergy gets new chairman

KUALA LUMPUR: Kawan Renergy Bhd has appointed Datuk Mohd Yusof Mohd Isa as its new independent non-executive chairman effective last Monday. Yusof, 69, brings close to four decades of experience in the water supply sector, having held various engineering and leadership roles across state water departments and agencies. Kawan Renergy's shares last traded flat at 59 sen, with 19,900 units changing hands, valuing the company at RM324.5 million.

星洲人 | VIP文

发布: 7:20am 10/11/2025 306点阅

仙风道股 | 数据中心电力需求庞大 佳运利能订单强劲

文 / 周梓彬

佳运利能 (KENERGY,0307,创业板工业产品服务组)从Govi Cast私人有限公司 (GCSB) 获得价值1280万令吉合约,使得集团的未完成订单额达到1亿2480万令吉,相当于2024财政年收入的1.1倍。分析员相信随着数据中心相关的电力解决方案需求不断增长,集团订单补充势头预计会逐步增强。

该公司早前宣布,获得Govi Cast私人有限公司 (GCSB) 价值1280万令吉合约,将为巴生港口工厂的一条新增化学生产线 (3号生产线) 提供工程、采购和施工服务,预计在2026年5月1日交付和投入使用。

鼎峰证券分析员对此持正面态度,因为大约6个月的短期项目周期可以加速盈利确认,预计大部分贡献将在2026财政年实现。假设赚幅为15%,该项目可产生大约190万令吉的盈利,占该行2026财政年预测的3.8%。

鉴于佳运利能在工业流程工厂工程、采购、施工 (EPC) 的良好营运记录,分析员认为项目的执行风险很小。在项目入袋后,集团未完成订单达到1亿2480万令吉,相当于2024财政年收入的1.1倍,主要是由再生能源和热电联产部门的项目推动。

'OUTPERFORM' CALL

Firm starts coverage on Kawan Renergy



Kawan Renergy Bhd's unbilled order book stood at RM112 million up to the third quarter of financial year 2025. PIC: FROM KAWAN RENERGY'S RESULTS

KUALA LUMPUR: Kawan Renergy Bhd is poised for steady growth over the next three years, with compound annual increases of 13.3 per cent in revenue and 17.4 per cent in core profit from financial years 2024 to 2027.

Public Investment Bank Bhd (PublicInvest) said the outlook was supported by policy momentum under the National Energy Transition Roadmap (NETR), rising industrial electricity demand and greater adoption of alternative on-site power solutions.

PublicInvest initiated coverage on Kawan Renergy with an "outperform" call and a target price of

76 sen.

Kawan Renergy specialises in the design, fabrication, installation and commissioning of industrial process equipment, process plants, renewable energy and co-generation systems.

Up to the third quarter of financial year 2025, the group's unbilled order book stood at RM112 million.

PublicInvest said this was equivalent to one year of revenue.

It added that Kawan Renergy was well-positioned to benefit

from intensifying electricity demand and rising decarbonisation pressures.

"The rapid expansion of data centres, industrial loads and urban electrification is creating pressure on grid connection timelines. In addition, the NETR targets a 70 per cent renewable energy mix by 2050, including 1.4 gigawatts of bioenergy capacity."

"Co-generation and bioenergy systems are emerging as practical on-site alternatives to bridge grid constraints and reduce carbon intensity," it said.

76 SEN TARGET PRICE

No change to 'outperform' call on Kawan Renergy

KUALA LUMPUR: Kawan Renergy Bhd is well-positioned to capitalise on long-term structural tailwinds from the energy transition and the growing adoption of on-site power solutions.

Public Investment Bank Bhd (PublicInvest) said rapid growth in data centres, rising industrial demand and accelerating urban electrification are increasingly straining grid connection timelines.

At the same time, the National Energy Transition Roadmap targets a 70 per cent renewable energy mix by 2050, including 1.4 gigawatts of bioenergy capacity.

Against this backdrop, PublicInvest said co-generation and bioenergy systems are gaining traction as viable on-site solutions to alleviate grid constraints and reduce carbon intensity.

It highlighted Kawan Renergy's

integrated engineering platform, supported by strong in-house capabilities in industrial processing equipment, as well as full engineering, procurement, construction and commissioning (EPC) delivery.

"This allows for tighter control over costs, quality and execution. Kawan Renergy is therefore well-placed to secure EPC co-generation projects and Sustainable Energy Development Authority Feed-in-Tariff bioenergy contracts in financial year 2026."

PublicInvest said the group's order book remains steady at RM108.2 million, largely underpinned by renewable energy and co-generation projects, providing earnings visibility through next year.

It kept its "outperform" call on the stock with an unchanged target price of 76 sen.

DRIVEN BY PROJECTS

Kawan Renergy Q3 net profit jumps 41pc

KUALA LUMPUR: Kawan Renergy Bhd's net profit jumped 41 per cent in the third quarter, driven by the completion of several industrial process plant projects and the commencement of new ones.

In a filing with Bursa Malaysia, the engineering solutions provider reported a net profit of RM7.49 million for the quarter ended July 31, 2025, up from RM5.3 million a year earlier.

Revenue also rose 10 per cent to RM35 million from RM31.8 million, driven by stronger progress

billings from industrial process equipment and renewable energy and co-generation plants, which accounted for 54 per cent and 23 per cent of the group's topline respectively.

For the nine months ended July 31, 2025, net profit grew 24 per cent to RM17 million from RM13.9 million a year earlier, while revenue jumped 28.9 per cent to RM95.3 million from RM74 million, driven by double-digit growth across all business segments.

Industrial process plant pro-

jects led the gains, jumping more than 50 per cent to RM29 million, or 30.5 per cent of overall revenue.

Up to end-July, Kawan Renergy's order book stood at RM112 million, providing earnings visibility for the next 12 to 24 months.

Its managing director Lim Thou Lai said the results reflect the company's resilience and adaptability despite macroeconomic headwinds such as fluctuating tariffs and a softer operating environment.

He said Kawan Renergy remains focused on unlocking value as ongoing projects progress, while pursuing new opportunities by leveraging its expertise and partnership.

"By capitalising on emerging opportunities, we are committed to delivering comprehensive, reliable and high-impact solutions that drive the nation's clean energy transition. With our expertise and adaptability, we are confident in sustaining a strong growth trajectory across the diverse industries we serve."

WE ARE IN THE NEWS (CONT'D)

BH ONLINE MEDIA RUJUKAN MASSA: Portal berita No. 1 di Malaysia

Kawan Renergy menang kontrak EPCC bernilai RM38.81 juta di Pelabuhan Klang

Oleh BERNAMA - Julai 16, 2025 @ 9:43pm



KUALA LUMPUR: Kawan Renergy Bhd menerusi anak syarikat milik penuhnya, Kawan Green Energy Sdn Bhd, berjaya memperoleh kontrak bernilai RM38.81 juta daripada Gas Malaysia Energy Advance Sdn Bhd.

Kontrak berkenaan melibatkan kerja-kerja kejuruteraan, perolehan, pembinaan serta pentauliahan (EPCC) bagi sistem penjanaan bersama turbin gas di Pelabuhan Klang, Selangor.

Dalam kenyataannya hari ini, penyedia penyelesaian kejuruteraan itu berkata projek berkenaan dijadual siap dalam tempoh 20 bulan.

"Menerusi kepakaran teras Kawan Renergy dalam penyelesaian cekap tenaga, projek ini dijangka dapat menyumbang secara positif kepada pendapatan dan aset bersih kumpulan sepanjang tempoh pelaksanaannya," kata syarikat itu.

Susulan kejayaan meraih kontrak itu, nilai perolehan kontrak dalam tangan Kawan Renergy telah meningkat kepada RM130.9 juta yang menyumbang kepada jangkaan pendapatan lebih kukuh dalam tempoh 12 hingga 14 bulan akan datang.

Pengarah Eksekutif Kawan Renergy, Heng Siew Aun, berkata sistem penjanaan bersama itu mempunyai tarikan dari segi ekonomi, terutamanya di tengah-tengah peningkatan kos elektrik.

Kumpulan juga, katanya, percaya penggunaan sistem itu akan terus berkembang pesat, didorong oleh penjimatan kos serta keupayaannya dalam mengurangkan jejak karbon melalui penggunaan bahan api lebih cekap dan pengurangan pelepasan gas rumah hijau.

"Kami akan terus menumpukan usaha merebut peluang baharu bagi segmen sedang berkembang ini yang turut memperkukuh kedudukan kumpulan sebagai rakan dipercayai dalam peralihan tenaga lebih bersih," katanya.

-BERNAMA

Growth in data centres, energy demand to lift Kawan Renergy

PETALING JAYA: Kawan Renergy Bhd's prospects look positive, with the group's latest results exceeding expectations, analysts say.

The engineering services firm posted a core net profit of RM6.4mil for the fourth quarter of its financial year ending Oct 31 (4Q25), bringing full-year core net profit to RM24.3mil following stronger-than-expected revenue recognition.

Apex Research said in a note to clients: "We raised our order book replenishment assumption for Kawan Renergy slightly to RM160mil from RM155mil, with the bulk of revenue now expected to be recognised in its current financial year (FY26)."

The research house also maintained Kawan Renergy's order book replenishment assumptions for FY26 to FY27, while revising its order book execution assumptions to reflect earlier project execution, with more revenue recognised in FY26 and a smaller portion spilling into FY27.

"As a result, our earnings forecasts for the group have been revised by 4% and minus 3.1% for FY26 and FY27, respectively," Apex Research noted.

On the group's outlook, the research house said it expects earnings to likely remain soft in 1Q26 due to the monsoon season and festive holidays, which typically slow engineering activity.

Near-term order book replenishment is expected to pick up from 2Q26 onwards as seasonal disruptions ease, it added.

Apex Research said it is positive about the company's outlook, particularly as the recent 16.7% increase in gas facility base tariffs should support higher interest in co-generation solutions as an alternative power source.

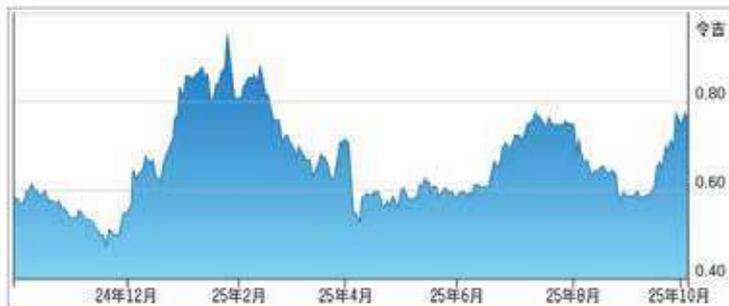
To cater to a diversified customer base, Kawan Renergy spent RM7.4mil in capital expenditure during the quarter to upgrade its research and development capabilities and equipment, mainly to support industrial and environmental solutions.

After its earnings revisions, Apex Research has maintained a "buy" call on the stock with a slightly higher target price of RM1.05 from RM1.02 previously.

It noted the group's outlook is supported by up to 60% in-house component fabrication, which enhances cost control and project execution, as well as distribution status for Rolls-Royce generation sets and solar turbines, providing exposure to the accelerating data centre investment cycle and growing mission-critical power opportunities.

Risks for the group include rising prices for steel and metal plate and slower-than-expected order book replenishment.

受惠於數據中心發電量 佳運利能盈利看俏



券商 : 鼎丰证券研究
 投资建议 : 买进
 目标价 : 1.02令吉
 闭市价 : 77仙 (截至10月3日)
 每股收益 : 5.3仙 (2026财年估计)
 本益比 : 14.5倍 (2026财年估计)
 股息收益率 : 1.6% (2026财年估计)

Kawan

作为Rolls-Royce柴油发电机组在大马的独家分销商，我们看好佳运利能 (KENERGY, 0307, 创业板工业) 有望在Tier 4数据中心带动的高效能、快速响应备用电力需求增长下受惠。

该公司的短期催化剂来自自热电厂 (CHP) 工程、采购、建筑及委外 (EPCC) 项目的潜在机会。相比传统燃气发电仅约40%的效率，CHP系统效率高达70%至90%，尤其对蒸汽需求密集型行业极具吸引力。

此外，佳运利能仍有约3亿5000万令吉的投标额度，为公司参与大型工业及可再生能源项目提供充裕空间。我们估计，该公司在2025至2028财年期间仍有望赢得1亿5000万至2亿6000万令吉的新订单。

有鉴于此，我们决定开始追踪佳运利能，并给予“买进”评级。

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' IR. MOHD YUSOF BIN MOHD ISA
Independent Non-Executive Chairman
(Appointed w.e.f 1 September 2025)

LIM THOU LAI
Managing Director
(Non-Independent)

CHONG HON CHOONG
Executive Director
(Non-Independent)

HENG SIEW AUN
Executive Director
(Non-Independent)

LOH LENG SEM
Independent
Non-Executive Director

WOO AH KEK
Independent
Non-Executive Director
(Appointed w.e.f 10 June 2025)

WONG FEE SANG
Independent
Non-Executive Director
(Appointed w.e.f 1 October 2025)

LIEW LI PING
Independent Non-Executive Director
(Resigned w.e.f 1 June 2026)

DR. CHUAH CHAW TEO
Independent Non-Executive Chairman
(Resigned w.e.f 3 June 2026)

NGOI EVON
Independent Non-Executive Director
(Resigned w.e.f 14 September 2025)

AUDIT AND RISK MANAGEMENT COMMITTEE

WOO AH KEK
Independent Non-Executive Director
Chairperson

LOH LENG SEM
Independent Non-Executive Director
Member

WONG FEE SANG
Independent Non-Executive Director
Member

REMUNERATION COMMITTEE

LOH LENG SEM
Independent Non-Executive Director
Chairperson

WOO AH KEK
Independent Non-Executive Director
Member

WONG FEE SANG
Independent Non-Executive Director
Member

NOMINATION COMMITTEE

WONG FEE SANG
Independent Non-Executive Director
Chairperson

LOH LENG SEM
Independent Non-Executive Director
Member

WOO AH KEK
Independent Non-Executive Director
Member



CORPORATE INFORMATION (CONT'D)

COMPANY SECRETARY

WONG YOUN KIM
(MAICSA 7018778/
SSM PC No. 201908000410)

REGISTERED OFFICE

Unit 11.07, Amcorp Tower,
Amcorp Trade Centre, 18,
Persiaran Barat,
46050 Petaling Jaya,
Selangor Darul Ehsan
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HEAD OFFICE

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31200 Ipoh Perak
Tel No.: +605-2913 840
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AUDITORS AND REPORTING ACCOUNTANTS

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Fax No.: +603-2282 9980

SPONSOR

M & A Securities Sdn. Bhd.
(Registration No. 197301001503 (15017-H))
45 & 47, Level 7
The Boulevard Mid Valley City
Lingkar Syed Putra
59200, Kuala Lumpur
Tel: +603-2284 2911

WEBSITE

<https://www.kawan-renergy.com.my/>

SHARE REGISTRAR

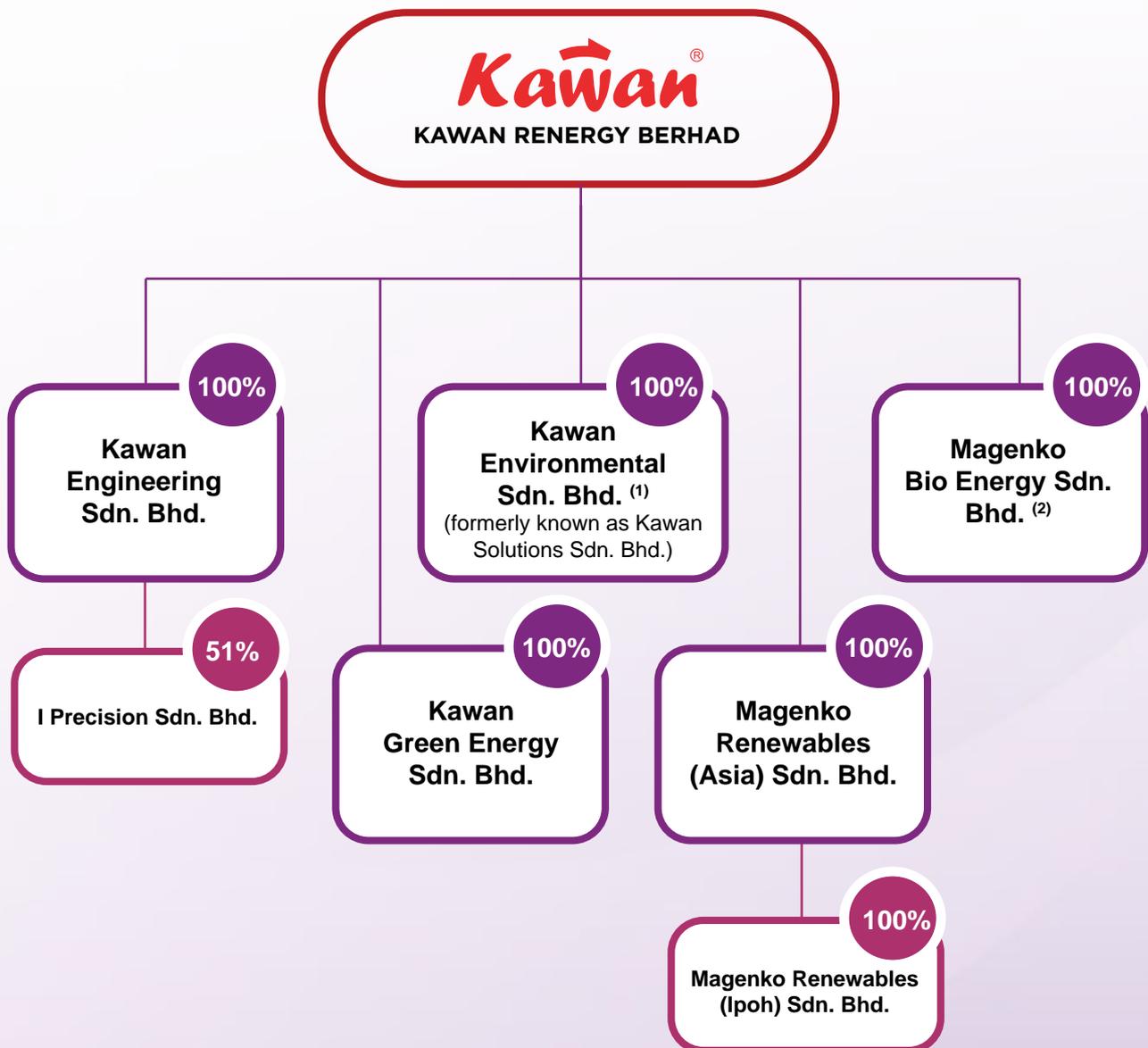
Tricor Investor & Issuing House Services Sdn. Bhd.
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59200 Kuala Lumpur
Tel: +603-2783 9299
Fax: +603-2783 9222
Email address: is.enquiry@vistra.com

STOCK EXCHANGE LISTING

ACE Market of Bursa Securities
Listing Date: 29 May 2024
Stock Name: KENERGY
Stock Code: 0307



CORPORATE STRUCTURE



Notes:

1. Kawan Solutions Sdn. Bhd. changed its name to Kawan Environmental Sdn. Bhd. on 16 December 2025
2. Magenko Bio Energy Sdn. Bhd. has restructured from Magenko Renewables (Asia) Sdn. Bhd. to Kawan Energy Berhad on 15 December 2025.

FINANCIAL HIGHLIGHTS

	2021 RM'MIL	2022 RM'MIL	2023 RM'MIL	2024 RM'MIL	2025 RM'MIL
Revenue	64.0	139.2	98.4	113.1	135.8
Gross Profit	10.1	21.8	24.0	33.5	37.1
Profit Before Tax	8.9	18.6	18.9	26.5	30.7
Profit After Tax	6.9	14.2	13.3	18.0	22.3
EBIT	8.7	18.2	18.6	25.6	29.6
EBITDA	9.9	20.0	21.5	28.9	34.5

+20.1%

REVENUE

has increased from RM 113.1 million in FYE 2024 to
RM 135.8 million
in FYE 2025.

Revenue (RM'MIL)

2025		135.8
2024		113.1
2023		98.4
2022		139.2
2021		64.0

+10.7%

GROSS PROFIT

has increased from RM33.5 million in FYE 2024 to
RM37.1 million
in FYE 2025.

Gross Profit (RM'MIL)

2025		37.1
2024		33.5
2023		24.0
2022		21.8
2021		10.1

+15.8%

PROFIT BEFORE TAX

has increased from RM26.5million in FYE 2024 to
RM30.7 million
in FYE 2025.

Profit Before Tax (RM'MIL)

2025		30.7
2024		26.5
2023		18.9
2022		18.6
2021		8.9

+23.9%

PROFIT AFTER TAX

has increased from RM18.0 million in FYE 2024 to
RM22.3 million
in FYE 2025.

Profit After Tax (RM'MIL)

2025		22.3
2024		18.0
2023		13.3
2022		14.2
2021		6.9

BOARD OF DIRECTORS

Kawan®

KAWAN RENEGY BERHAD
(Registration No. 202201039658 (1485355-U))



1. **Dato' Ir. Mohd Yusof bin Mohd Isa**
(Independent Non-Executive Chairman)
2. **Ir. Lim Thou Lai**
(Non-Independent Managing Director)
3. **Ir. Heng Siew Aun**
(Non-Independent Executive Director)
4. **Chong Hon Choong**
(Non-Independent Executive Director)

5. **Loh Leng Sem**
(Independent Non-Executive Director)
6. **Woo Ah Kek**
(Independent Non-Executive Director)
7. **Wong Fee Sang**
(Independent Non-Executive Director)

BOARD OF DIRECTORS PROFILE

DATO' IR. MOHD YUSOF BIN MOHD ISA

Independent Non-Executive Chairman
Malaysian | Male | Age 69

Length of service : 5 months

Appointed to the Board as Independent Non-Executive Chairman on 1 September 2025. He is a Professional Engineer (P.Eng) and Fellow of the Institution of Engineers Malaysia ("FIEM"), and holds a Bachelor of Science Degree in Civil Engineering (Honours) from the University of Salford, England. He is also a Member of Malaysia Water Association.

Dato' Ir. Mohd Yusof bin Mohd Isa possesses close to 4 decades of experience in the water supply industry. He commenced his career as a Water Engineer with the Perak Water Department in 1980. He subsequently underwent on-the-job training with Samsung Construction Company in Seoul, Korea from September 1983 to March 1984, gaining exposures to project engineering, planning, implementation and construction techniques. He later served as a Planning and Development Engineer with the Selangor Waterworks Department, where he was involved in the planning, development and implementation of urban water supply systems for commercial, institutional and residential developments in the state of Selangor and Wilayah Persekutuan.

He returned to the Perak Waterworks Department in 1988, subsequently joined the Perak Water Board in 1990, and was appointed General Manager of the Perak Water Board ("LAP") in 2000. In this role, he was responsible for ensuring safe, clean and sustainable water supply for the State of Perak while spearheading the implementations of major water infrastructure projects including numerous water treatment plants, distribution systems and the first RCC Dam in Malaysia.

Professional development included participations in various local and International Water Conferences organised by the International Water Association and American Water Works Association.

Following his retirement on 31 December 2019, he continued to serve the industry as a Board Member of LAP from 2020 to 2024.



He does not hold any directorships in other public companies and listed issuers.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)



IR. LIM THOU LAI

Non-Independent Managing Director
Malaysian | Male | Age 57

Length of service : 3 years 3 months

Appointed to the Board as Managing Director on 22 October 2022, Ir. Lim Thou Lai is a mechanical engineer with over 32 years of experience in engineering design, project execution, and business management. As Managing Director, oversees the Group's overall management, strategic direction, and business growth initiatives. Holds a Bachelor of Engineering in Mechanical from Universiti Teknologi Malaysia, is a Member of the Institution of Engineers Malaysia, a Professional Engineer (Mechanical) certified by the Board of Engineers Malaysia, and a registered Electrical Energy Manager with the Energy Commission since 2024.

Career experience encompasses early engineering and operations roles leading to the co founding of Kawan Engineering (then known as Kawan Dynamic Engineering Sdn Bhd) in 1996, progression into directorial leadership, and appointment as Managing Director in 2011. Expanded the Group's energy business through the establishment of Kawan Green Energy Sdn Bhd in 2021, focusing on Engineering, Procurement, Commissioning and Construction ("EPCC") solutions for renewable energy power plants.

He does not hold any directorships in other public companies and listed issuers.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)

IR. HENG SIEW AUN

Non-Independent Executive Director
Malaysian | Female | Age 40

Length of service : 2 year and 7 months

Appointed to the Board on 26 June 2023, Ir. Heng Siew Aun is a chemical engineer with over 14 years of experience in engineering design, project execution, and business development. Currently serving as an Executive Director and Chief Technical & Commercial Officer. Holds a Bachelor of Engineering (Chemical) from Universiti Putra Malaysia and is a Member of the Institution of Engineers, Malaysia, as well as a Professional Engineer certified by the Board of Engineers Malaysia. Registered as an Electrical Energy Manager with the Energy Commission since 2024.

Career experience spans design, project execution, and business development, beginning in 2009 as Design Engineer at Kawan Engineering, followed by brief roles at Unisem (M) Berhad and KenEp Resources (Asia) Sdn Bhd, before rejoining Kawan Engineering in 2011. Held progressively senior positions, including Assistant Head of Business Department in 2015, Head of Business Department in 2019, and General Manager since November 2023, overseeing technical and commercial operations, customer acquisition, revenue growth, and operational management.

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

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)



CHONG HON CHOONG

Non-Independent Executive Director
Malaysian | Male | Age 46

Length of service : 2 years 7 months

Appointed to the Board on 26 June 2023 and serves as the Executive Director and Chief Project Officer of the Company. Possesses over 24 years of extensive experience in engineering project management, electrical and instrumentation systems, and automation solutions.

Holds a Higher National Diploma in Electrical and Electronic Engineering (2000) and a Bachelor of Engineering (2001) from Nottingham Trent University, United Kingdom.

Career commenced in 2001 with Kawan Teknik Sdn Bhd, managing electrical and control components of engineering projects. Joined Kawan Engineering in 2002 as an Electrical Engineer and progressed through roles including Assistant Manager (Control & Instrumentation) and Project Manager. Played a pivotal role in enhancing the Group's automation capabilities and overseeing complex project execution.

Current responsibilities include overseeing the planning, coordination, and delivery of the Group's projects, ensuring operational efficiency, quality, and adherence to timelines. Contributions have strengthened the Group's technical expertise and project execution performance.

He does not hold any directorships in other public companies and listed issuers.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)

LOH LENG SEM

Independent Non-Executive Director
Malaysian | Male | Age 57

Length of service : 2 years 7 months

Appointed to the Board on 26 June 2023, Loh Leng Sem serves as an Independent Non Executive Director with extensive experience in project engineering, quality assurance, and technical oversight. He serves as the Chairperson of the Remuneration Committee. He is also a member of the Audit and Risk Management Committee and the Nominating Committee. He holds a Bachelor of Mechanical Engineering from Universiti Teknologi Malaysia and has been registered as a Member of the Institution of Engineers, Malaysia.

Career experience spans project engineering responsibilities at SKF Malaysia Sdn Bhd, supervising technical quality and safety standards at Malaysia Workshop LLP, and advancing to Project Manager (Mechanical & Electrical Engineering) at Miya Engineering (M) Sdn. Bhd. In 2000, co founded Kawan Teknik Sdn Bhd, contributing to project supervision and execution, and later held project management roles with McQuay International Inc., including oversight of factory establishment in Wuhan, China. Served as Technical Director at AECOM Ltd within the Project Management/Construction Management division. From April 2023 to December 2025, he held the role of Technical Director at Shanghai Fayi Project Management Ltd Company. In addition to board duties, chairs the Remuneration Committee and contributes to the Nomination and Audit & Risk Management Committees, strengthening governance practices.

He does not hold any directorships in other public companies and listed issuers.



He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)



WOO AH KEK

Independent Non-Executive Director
Malaysian | Male | Age 57

Length of service : 8 months

In 1996, He resigned from the firm as a senior staff and rejoined Tan Cheng Hooi and Co as an Audit Manager. He left and joined Keris Properties Sdn Bhd, a company principally involved in property development as an Accountant, where he was responsible for statutory audit tasks. In 1998, He joined Keris Engineering & Communication Sdn Bhd, a company principally involved in civil engineering works, building construction and property development as an Accountant.

Founded A.K. Woo & Associates in 1998, providing audit, tax advisory, management consultancy, corporate valuation, profit forecasting, credit control, and corporate reporting services, and continues as Managing Partner.

He serves as an Independent Non-Executive Director of ASM Automation Group Berhad.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Appointed to the Board on 10 June 2025 as an Independent Non-Executive Director. He serves as the Chairman of the Audit and Risk Management Committee. He is also a member of the Nominating and Remuneration Committee. He holds a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College and is a Chartered Accountant, admitted as a fellow member of the Association of Chartered Certified Accountants ("ACCA") and a member of the Malaysian Institute of Accountants ("MIA") since 1996.

Career spans statutory audit, financial reporting, and advisory services, beginning with APT Management Services Sdn Bhd as an Audit Assistant in 1993 and continuing with Tan Cheng Hooi & Co as an Audit Senior and Kassim, Chan & Co as a Staff Assistant, with responsibilities including audit planning, team leadership, and financial due diligence.

BOARD OF DIRECTORS DIRECTORS' PROFILE (CONT'D)

WONG FEE SANG

Independent Non-Executive Director
Malaysian | Female | Age 45

Length of service : 4 months

Appointed to the Board on 1 October 2025, as an Independent Non-Executive Director, bringing extensive legal and corporate governance expertise. She serves as the Chairperson of the Nominating Committee. She is also a member of the Audit and Risk Management Committee and the Remuneration Committee. She holds a Bachelor of Laws (LLB Hons) from Bond University, Australia, and a Master of Laws (LLM) from the University of New South Wales ("UNSW"), Australia, with subsequent admission as an advocate and solicitor in New South Wales.

Career spans constitutional and administrative law practice in Australia, senior in-house legal roles in the pharmaceutical sector in Malaysia and carried out legal functions at Kuala Lumpur Kepong Berhad ("KLK") since 2013, culminating in the position of Group Head of Legal in 2025. Responsibilities encompass oversight of legal strategy across KLK's global operations, advisory support for high-value corporate transactions, legal risk management, multi-billion-ringgit Islamic financing and Sukuk bond issuances, legal due diligence for major acquisitions in Malaysia and Indonesia, and the development of anti-corruption and corporate ethics initiatives. Expertise includes mergers and acquisitions, capital markets, corporate governance, intellectual property, employment law, and cross-jurisdiction dispute resolution. Recognised as the inaugural recipient of the Malaysia Legal 500 GC Powerlist in 2023 and Southeast Asia Legal 500 GC Powerlist 2025.

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

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.



Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT



DORIS TAN CHUEN CHUEN

Chief Financial Officer
Malaysian | Female | Age 54

Length of service : 6 years 8 months

Ms. Doris Tan Chuen Chuen (“Ms. Doris”) is a Chartered Accountant and a Fellow Member of the Association of Chartered Certified Accountants (“ACCA”), United Kingdom, and a Member of the Malaysian Institute of Accountants (“MIA”).

Ms. Doris brings over 26 years of extensive financial and leadership experience across diverse industries, including multinational corporations and public listed companies. Her professional expertise spans strategic financial planning, corporate restructuring, corporate governance, investor relationship, treasury management, taxation and operations oversight. Appointed as Chief Financial Officer of Kawan Engineering Sdn. Bhd. in 2019, she has played an instrumental role in preparing the company for its Initial Public Offering and merger and acquisition (“M&A”) initiatives.

In her capacity as Chief Financial Officer, she plays a pivotal role in strengthening the Group’s financial discipline, risk management framework, and capital management strategies, while ensuring compliance with regulatory requirements and best practices in governance. She provides strong financial stewardship and strategic leadership to support the Group’s sustainable growth and long-term value creation for shareholders.

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

She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

CHAN YUEN TENG

Chief Compliance Officer
Malaysian | Female | Age 53

Length of service : 1 year 8 months

Appointed as Chief Compliance Officer of Kawan Engineering Sdn. Bhd. on 1 June 2024, Chan Yuen Teng brings over 26 years of experience in quality assurance, regulatory compliance, laboratory management and corporate sustainability. Academic qualifications include a Bachelor of Science (Honours) degree from Universiti Sains Malaysia, is a registered chemist and a member of the Institut Kimia Malaysia, and has served as an approved signatory under ISO/IEC 17025.

Professional background includes extensive leadership experience at Carotech Berhad (now ExcelVite Sdn. Bhd.), progressing from Quality Control Chemist to Head of Quality, Application, Research and Development. Key contributions include securing multiple international and regulatory certifications, including ISO/IEC 17025, cGMP, HACCP, FSSC 22000, as well as sustainability and ethical certifications such as RSPO, MSPO, Halal and Kosher. She has also supported USFDA regulatory submissions and approvals and coordinated major plant expansion projects. Additional involvement encompassed collaboration on Malaysian Standards ("MS") fuel specifications and the development of US and TGA monographs for palm-based nutraceutical products.

In her capacity as Chief Compliance Officer, she is responsible for overseeing the Company's Quality Management Systems, including ISO 9001, ISO 14001 and ISO 45001, as well as human resources and administration, information technology, environmental, social and governance ("ESG") initiatives, and overall governance functions, ensuring regulatory compliance and operational effectiveness across the organisation.

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



She has no family relationship and is not related to any other director and/or substantial shareholder of the Company. She does not have any conflict of interest with the Company.

Within the past 5 years, she has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)



SHARIZAN BIN ABD. BAHRIN

Head of Fabrication Unit
Malaysian | Male | Age 46

Length of service : 22 years

Commencing his career in 1996 as a part-time draughtsman, Mr. Sharizan gained foundational skills in AutoCAD and architectural drafting. Subsequent roles included production planning, site supervision, and design engineering, culminating in his tenure at Kawan Engineering beginning in 2003. Within the Company, he progressed from Assistant Design Engineer to Design Executive, Assistant Head of Engineering Department in 2012, and Head of Engineering Department in 2014. Responsibilities encompassed supervision of construction drawings, engineering calculations, design verification, team coordination, order monitoring, and delegation of technical tasks.

In his capacity as Head of Fabrication Unit since 2024, he oversees the integration of engineering, quality control, and production operations to ensure compliance with industry standards and operational efficiency.

He does not hold any directorships in other public companies and listed issuers.

He has no family relationship and is not related to any other director and/or substantial shareholder of the Company. He does not have any conflict of interest with the Company.

Within the past 5 years, he has no conviction for any offences nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Appointed Head of Fabrication Unit in 2024, Sharizan Bin Abd. Bahrin ("Mr. Sharizan") brings over 22 years of experience in the engineering industry, with expertise in design, fabrication, production management, and quality assurance.

Educational qualifications include the Sijil Pelajaran Malaysia (SPM) obtained in 1996 from Sekolah Menengah Doktor Megat Khas, Ipoh. Professional development has been strengthened through participation in industry-recognised training programs, including:

- 2008 : PVElite New User Product Training (Pressure Vessel & Exchanger Analysis) – EDS Asia Sdn. Bhd.;
- 2014 : AUTOCAD Plant 3D 2014 Essentials – Man Sketch Technologies Sdn. Bhd.;
- 2017 : Inventor Professional Essentials 2018 – Autodesk;
- 2022 : ASME Section I Training – ABS Consulting (M) Sdn. Bhd.,

CHAIRMAN'S STATEMENT

“

Dear Valued Shareholders,

As the newly appointed Independent Non-Executive Chairman of Kawan Renergy Berhad (“Kawan” or “the Group”), I am honoured to reflect on the Group’s progress and to share my perspectives on our performance, strategic direction and future potential. Having successfully transitioned from a private entity to a publicly listed company on the ACE Market of Bursa Malaysia, Kawan is now operating within a strengthened governance framework, supported by established engineering capabilities and a clear long-term strategic focus.

Our core strength lies in our integrated engineering expertise, encompassing design, fabrication and EPCC capabilities. This technical heritage has enabled the Group to deliver complex engineering solutions reliably across multiple sectors. Against the backdrop of the global shift towards decarbonisation and energy transition, I am confident that Kawan is well positioned to capture opportunities in Renewable Energy (“RE”) and Co-generation, which will be key drivers of our future growth.

Since assuming this role, my focus has been on strengthening Board-level governance and oversight, while ensuring that the Group’s strategic priorities remain coherent with its engineering competencies and long-term risk profile. In this context, the Group continues to monitor national policy developments, including the National Energy Transition Roadmap (“NETR”), as a reference point in evaluating future growth opportunities.

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DATO' IR. MOHD YUSOF BIN MOHD ISA
Independent Non-Executive Chairman

Appointed Sept 2025

Transformational Milestones

The Group’s listing on the ACE Market of Bursa Malaysia on 29 May 2024 represented a significant milestone in its corporate development. The Initial Public Offering, which achieved an oversubscription rate of approximately 94.99 times, raised RM33 million in proceeds. These funds have been utilised to enhance production capacity and support the Group’s measured expansion into renewable energy-related activities.

In late 2024, the Group acquired a 51% equity interest in I Precision Sdn. Bhd. as part of its broader vertical integration strategy. The acquisition strengthens the Group’s supply chain for high-precision components and enhances operational efficiency within its Oil & Gas services segment. Governance, operational and risk management practices are applied consistently across subsidiaries to ensure alignment with the Group’s standards.

CHAIRMAN'S STATEMENT (CONT'D)

During the year, the Group continued to expand its presence in selected clean and renewable energy-related segments, while making progress in the data centre market, where demand for dependable standby power solutions continues to grow. The Group's roles as a representative for Solar Turbines and as a system integrator for MTU (Rolls-Royce Solutions) enable it to participate in power solution projects for critical infrastructure applications.

The establishment of Kawan Environmental Sdn Bhd represents a strategic extension of the Group's service offerings into specialised environmental consultancy and related services. This initiative enhances the Group's ability to provide more comprehensive solutions to clients, while creating additional business avenues aligned with evolving regulatory and market expectations.

Throughout the year, the Group continued to secure contracts worth several million across our core business segments. These contract wins reflect the market's confidence in our technical resilience and delivery capabilities, while our robust order book heading into mid-year underscores our strengthened market position and ability to compete for large-scale, complex engineering projects.

Performance Highlights

FYE 2025 was a strong financial year for the Group. Revenue increased by 20.1% to RM135.8 million, while profit attributable to owners of the Company ("PATAMI") rose by 30.0% to RM23.4 million. The Group maintained a prudent financial position and healthy cash reserves, providing flexibility to support future growth initiatives while maintaining prudent financial discipline.

Performance was supported by increased contributions from the Renewable Energy and Co-generation segment, which recorded a five-fold increase in revenue and accounted for 28.7% of total Group revenue, reflecting the Group's ongoing efforts to diversify its earnings base.

Strategy and Outlook for 2026

Looking ahead, the Group's medium to long-term strategy is centred on building recurring income streams from renewable energy assets, particularly through power generation projects. We see strong potential arising from the implementation of NETR initiatives and the continued growth of data centre developments in Malaysia. In this evolving landscape, Kawan is positioning itself as a clean energy and renewable energy partner, rather than merely an equipment supplier.

Our key growth pillars remain anchored on engineering excellence, energy solutions and environmental services. While we continue to strengthen and scale our existing offerings, our immediate focus will be on execution, operational efficiency and disciplined capital allocation to ensure sustainable growth.

Embedding ESG into Our Business

The Board remains committed to responsible business practices, supported by appropriate governance and risk management structures. Oversight of sustainability and risk-related matters is undertaken by the Audit and Risk Management Committee, with management-level support from a dedicated Sustainability Committee.

Environmental, social and governance considerations are integrated into the Group's operations with reference to recognised management standards, including ISO 14001 and ISO 45001, where applicable. Renewable energy initiatives under Kawan Green Energy are aligned with the Group's broader environmental objectives, while governance practices are reinforced through established policies on anti-bribery, ethical conduct and whistleblowing.

We continue to uphold high standards of governance and ethical conduct, supported by a zero-tolerance approach towards corruption through our Anti-Bribery and Corruption Policy, as well as a transparent whistleblowing framework.

Navigating Risks with Confidence

The Board continues to review the Group's risk management framework to ensure that key strategic, operational and financial risks are identified and managed in a structured manner. Revenue diversification and expansion into selected recurring service areas have contributed to strengthening the resilience of the Group's business model.

NOTES OF APPRECIATION

On behalf of the Board, I would like to thank our shareholders for their continued support, our employees for their dedication and professionalism, and our business partners for their ongoing collaboration. The Group remains focused on delivering reliable engineering, energy and environmental solutions, while creating sustainable value for stakeholders as it progresses in its journey as a listed company.

MANAGEMENT DISCUSSION & ANALYSIS



Dear Valued Shareholders,

On behalf of the Board of Directors of Kawan, I am pleased to present the Management Discussion and Analysis (“MD&A”) for the Company and its subsidiaries for the financial year ended on 31 October 2025 (“FYE 2025”).



This MD&A offers an overview of the Group’s operational performance and financial position for FYE 2025. It should be read in conjunction with the Audited Financial Statements for FYE 2025 and the accompanying notes. Unless otherwise stated, the information in this MD&A, including comparisons with the prior year (“FYE 2024”), complies with Malaysian Financial Reporting Standards (“MFRSs”).

OVERVIEW OF BUSINESS AND OPERATIONS

Kawan Renergy Berhad (“Kawan” or the “Group”) operates as an engineering solutions provider with core activities spanning the design, fabrication, installation and/or commissioning of industrial process equipment and process plants, as well as renewable energy and co-generation facilities. The Group leverages its technical expertise to assess customer requirements and develop tailored engineering solutions that address specific operational needs. Beyond engineering design, the Group offers integrated end-to-end capabilities, including in-house fabrication, installation and commissioning services. These solutions support a wide range of industrial production and processing applications, such as food processing, oleochemical manufacturing, waste recovery and power generation. In addition, the Group is involved in power generation activities and the sale of electricity through its association with the Magenko Group.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

During FYE 2025, the Group expanded its operational scope following the inclusion of I Precision Sdn. Bhd. ("I Precision"), a 51%-owned subsidiary of Kawan Engineering Sdn. Bhd. ("KESB"), into the Group's financial results with effect from the second quarter of the financial year. I Precision is principally engaged in precision engineering, specialising in the manufacturing and engineering of high-technology products. This complements the Group's existing engineering capabilities and enhances its presence in higher value-added manufacturing.

Industrial Process Equipment

The Group designs and fabricates customised industrial process equipment in accordance with customer-specific technical requirements. This equipment includes heat exchangers, pressure vessels, boilers and heaters, which are utilised to support a wide range of industrial production and processing activities, such as food processing, oleochemical operations, oil and gas, and power generation.

Fabrication activities are carried out in-house based on the Group's engineering drawings and technical specifications. The manufacturing of heat exchangers, pressure vessels, boilers and heaters takes place at the Group's facilities located at Kawasan Perusahaan IGB in Ipoh. The typical timeframe required for the design and fabrication process ranges from approximately three to six months.

The industrial process equipment offered by the Group are non-standard and highly customised, designed to meet the specific operational needs of each customer. The Group's solutions serve both engineering, procurement, construction and commissioning ("EPCC") contractors and industrial end-users, supporting a broad spectrum of industrial applications including oil and gas refining, oleochemical and chemical processing, waste recovery, food processing, power generation, utilities and power plant operations.

Industrial Process Plants

The Group undertakes the design, fabrication, installation and commissioning of industrial process plants, integrating multiple types of industrial equipment to support customers' production and processing operations. These activities are primarily focused on industries such as food processing, oleochemical and chemical processing, as well as waste recovery.

A process plant typically comprises custom-designed core equipment fabricated in-house by the Group, including pressure vessels, heat exchangers and tanks. Auxiliary equipment and systems, such as instrumentation and control systems, motors, chillers, pumps and vacuum systems, are procured from reputable third-party manufacturers and systematically integrated with the Group's core equipment to deliver a complete process plant.

The Group is involved in both the engineering design of the process plant and the integration of its internally fabricated equipment with third-party auxiliary equipment, piping networks and control systems to form a fully functional and engineered process plant. Each component plays a critical role in ensuring that processing operations are carried out efficiently and that final outputs meet customers' specified requirements.

For process plant projects, the Group provides end-to-end installation and commissioning services. The overall project lifecycle, including design, fabrication, installation and commissioning, typically spans approximately 12 to 18 months. The Group serves both engineering, procurement, construction and commissioning ("EPCC") contractors as well as industrial end-users, delivering tailored solutions engineered to meet specific operational and performance requirements.

The Group's industrial process plant solutions primarily cater to customers in food processing, oleochemical and chemical industries, as well as waste recovery operations.

Beyond its core project delivery services, the Group also provides repair and maintenance services, including spare parts replacement and routine upkeep for both internally fabricated and third-party equipment. These services are generally offered under warranty for customers engaging the Group on a full-service basis and are also available on a purchase order basis upon expiry of the warranty period or for customers who did not engage the Group for the initial project scope.

Renewable Energy and Co-generation Plants

The Group also undertakes the design, fabrication, installation and commissioning of renewable energy and co-generation plants, integrating in-house fabricated industrial process equipment such as boilers, pressure vessels and condensate tanks with turbines and other auxiliary systems sourced from third-party manufacturers. These plants are designed to generate electricity and thermal energy using renewable resources, including biomass and biogas, as well as natural gas.

Each project is tailored to meet specific customer requirements, with typical project durations ranging from approximately 12 to 18 months, although certain contracts may involve longer timelines depending on project complexity and scope. As a contractor certified under CIDB Grade G7, the Group is qualified to participate in tenders for projects with contract values exceeding RM10 million within its areas of specialisation. The Group has successfully completed large-scale projects, which have contributed meaningfully to its overall revenue performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Power Generation and Sale of Electricity

The Group is involved in power generation operations through the Bercham Plant, a biogas-based facility situated at the Bercham landfill site. The plant was acquired in 2022 following the Group's acquisition of the Magenko Group. It utilises methane gas produced from landfill decomposition to generate electricity for commercial sale. The facility has an installed generation capacity of 1.2MW, with a net export capacity of 1MW. The Bercham Plant operates under Malaysia's Feed-in Tariff ("FiT") framework, pursuant to which electricity generated is sold at a tariff rate of RM0.3880 per kWh, with the FiT arrangement scheduled to expire in 2032. The plant is operated under a Turnkey Agreement with IYO Alam Sekitar.

Precision Engineering Specialist

The Group expanded its operational scope in precision engineering following the completion of the acquisition of I Precision, a 51%-owned subsidiary of KESB, during the financial year. I Precision specialises in the manufacturing and engineering of high-technology precision components, serving primarily oil and gas industry, which demand stringent quality, tight tolerances advanced engineering solutions.

Its capabilities include precision machining, fabrication, assembly and testing of high-technology products, complementing the Group's existing engineering operations and strengthening its presence in higher value chain projects. By leveraging I Precision's expertise, the Group is better positioned to provide integrated engineering solutions to industrial customers, including those in the oil and gas, chemical and specialty manufacturing sectors.

CORPORATE OBJECTIVES AND STRATEGIES

The Group is focused on building sustainable businesses and developing recurring income streams to support long-term growth. Through the effective commercialisation of its products and services, Kawan seeks to deliver consistent and sustainable performance over time. The Group remains committed to creating enduring value for all stakeholders. Kawan's strategic priorities are centred on achieving long-term expansion while enhancing shareholder value. Guided by a clear strategic direction and supported by flexible and adaptive approaches, the Group is well positioned to manage market challenges, capitalise on emerging opportunities, and continue delivering meaningful outcomes, reinforcing its commitment to sustainable success in a dynamic business environment.

Developing a New 2MW Biomass Power Plant to Expand Power Generation Capabilities

Kawan plans to continue advancing efforts on the 2MW biomass power plant project as part of our renewable energy initiatives. The Group remains committed to promoting sustainable energy solutions and expanding the power generation portfolio. Throughout the year, efforts have been made to further refine project planning, optimise resource allocation, and enhance operational readiness. By leveraging technical and project management expertise, Kawan aims to position the plant for successful implementation, support long-term business growth, and contribute to the diversification of revenue streams. This initiative reflects the Company's dedication to sustainable practices, energy efficiency, and delivering value to stakeholders.

Building Partnerships & Future Growth

Kawan recognises the value of strategic partnership and maintains an open approach to meaningful collaboration as a key enabler of sustainable development and long-term expansion. Such collaborations enable the Group to leverage diverse knowledge, resources and perspectives, thereby delivering more synergistic and integrated outcomes. This approach has been instrumental in Kawan's progress and positions the Company to effectively pursue opportunities in emerging markets.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE

Financial Review

The Group recorded an increase in revenue by RM22.7 million or 20.1% from RM113.1 million in FYE 2024 to RM135.8 million FYE 2025, driven by the design, fabrication, installation and/or commissioning solutions for industrial process equipment, industrial process plants and renewable energy and co-generation plants ("design, fabrication, installation and/or commissioning solutions").

The design, fabrication, installation, and/or commissioning solutions segment continued to be our largest revenue contributor, which recorded RM133.5 or 98.3% of our total revenue for FYE 2025. These revenue streams reflect the Company's expertise in providing end-to-end engineering solutions, leveraging its design, fabrication, installation, and commissioning capabilities to address market demand across industries like manufacturing, power generation, and renewable energy.

Financial Year Ended ("FYE") 31 October	FYE 2025 RM'million	FYE 2024 RM'million	Changes %
Revenue	135.8	113.1	20.1
Gross profit	37.1	33.5	10.7
Profit before tax ("PBT")	30.7	26.5	15.8
Profit after tax ("PAT")	22.3	18.0	23.9
Gross Profit Margin (%)	27.3	29.6	(2.3)
PBT Margin (%)	22.6	23.4	(0.8)
PAT Margin (%)	16.4	15.9	0.5

Segmental Revenue

Financial Year Ended ("FYE") 31 October	FYE 2025 RM'million	%	FYE 2024 RM'million	%	Variance RM'million	%
Design, fabrication, installation and/or commissioning solutions						
- Industrial process equipment	65.7	48.4	60.2	53.2	5.5	9.1
- Industrial process plants	28.8	21.2	34.8	30.8	(6.0)	(17.2)
- Renewable energy and co-generation plants	39.0	28.7	17.9	15.8	21.1	117.9
Subtotal	133.5	98.3	112.9	99.8	20.6	18.2
Others⁽¹⁾	2.3	1.7	0.2	0.2	2.1	1,050.0
Total	135.8	100.0	113.1	100.0	22.7	20.1

Notes:

- ⁽¹⁾ Others comprised sales of electricity from power generation and precision engineering from the consolidation of IPSB effective from second quarter in FYE 2025. The increase was mainly attributable to the consolidation of IPSB and electricity sales, off a low base.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The Group recorded a gross profit of RM37.1 million for FYE 2025. Gross profit margin declined marginally by 2.3 percentage points to approximately 27.3% from 29.6% in the preceding financial year, primarily attributable to changes in project mix. Larger-scale projects generally command lower margin percentages due to more competitive pricing required to secure contract awards, particularly for strategically significant projects. Nevertheless, these projects generate higher absolute gross profit in monetary terms owing to their larger contract values. Despite the marginal compression in margin, the Group achieved higher absolute gross profit and earnings, supported by increased project scale and higher revenue volume.

PBT increased by 15.8% to RM30.7 million in FYE 2025, compared with RM26.5 million in FYE 2024. PAT rose by 23.9% to RM 22.3 million in FYE 2025 from RM 18.0 million in the previous financial year, representing the highest level achieved in the Group's history.

Geographical Presence

The Group's business primarily derives from Malaysia although the Group has a customer base from different countries of the world such as Singapore, Australia, United States of America and others.

Revenue	FYE 2025 RM'million	Contribution %	FYE 2024 RM'million	Contribution %
Malaysia	127.2	93.7	97.7	86.4
Oversea countries	8.6	6.3	15.4	13.6
Total	135.8	100.0	113.1	100.0

Malaysia remains the Group's primary revenue base, with its contribution increasing to 93.7%, highlighting the continued significance of our localised operations.

Review of Financial Position

	FYE 2025 RM'million	FYE 2024 RM'million	Changes %
Current assets	120.2	107.3	12.0
Current liabilities	34.3	32.9	4.3
Total assets	150.0	127.6	17.6
Total liabilities	38.1	34.1	11.7
Total equity	112.0	93.4	19.9
Total borrowings	9.4	2.1	347.6

The Group maintained a strong financial position in FYE 2025. Total assets increased by 17.6% to RM150.0 million, driven mainly by higher current assets arising from project execution. Total equity surged by 19.9% to RM112.0 million, reflecting the positive impact of the IPO and the accumulation of retained earnings during the financial year.

Total liabilities increased by 11.7% to RM38.1 million, mainly due to the consolidation of I Precision during the financial year, as well as higher utilisation of bankers' acceptances to support working capital requirements. Despite the increase in borrowings, the Group continued to maintain a healthy liquidity position, with cash holding of RM41.6 million as at FYE 2025, compared to RM57.3 million in FYE 2024. The Group reported a net cash outflow of RM6.0 million from operating activities in FYE 2025, mainly due to an increase in contract assets, which represent the Group's right to consideration for the work performed on construction contracts that has yet to be billed. Net cash outflows from investing activities amounted to RM7.1 million, compared with RM0.9 million in FYE 2024, mainly driven by capital expenditure on property, plant and equipment. These investments are expected to enhance the Group's operational capabilities and provide financial flexibility required to support ongoing and future project execution.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Contract Assets / Liabilities

As at 31 October 2025, contract assets increased to RM40.4 million, while contract liabilities decreased to RM9.1 million. The higher contract assets mainly reflect the timing of project execution where construction progress outpaced milestone billings at the reporting date. Correspondingly, contract liabilities declined as collections received in prior periods were progressively recognised as revenue. This movement is consistent with the Group's project-based revenue recognition model and does not indicate deterioration in project execution quality or customer collectability. Management continues to closely monitor project progress, billing milestones and cash flow exposure to mitigate execution and working capital risks.

Dividends

In FYE 2025, a total of RM6.85 million in dividends was paid out through Kawan Renergy Berhad. The dividend is paid in an interim single-tier, at RM0.0125 per ordinary share, paid on 30 December 2024. This reflects the Company's financial position and its commitment to providing more regular returns to shareholders.

RISK FACTORS

As an established provider of engineering solutions, Kawan is mindful of the challenges and risks inherent in the industry. The Group adopts a proactive approach to identifying, managing and mitigating these risks, supporting sustainable growth while maintaining high standards of operational performance.

Project Progress Disruption

The Group's project-based solution deliveries may be subject to unexpected delays or disruptions arising from factors beyond its control. Such risks may occur at different phases of a project and can include delays in obtaining required approvals or permits, unforeseen technical complexities, and adverse weather conditions. These circumstances may lead to extended project schedules and cost implications. Any delay in project execution may affect delivery timelines, which in turn could impact revenue recognition and the collection of payments from customers, ultimately influencing the Group's financial performance.

To manage these risks, the Group works closely with customers to establish clearly defined project schedules and milestones aimed at reducing potential delays. The Group also places emphasis on attracting and retaining experienced industry professionals to support projects that require specialised technical expertise. In addition, a structured change management framework is implemented to address customer-initiated scope changes.

This process ensures that the potential effects on project timelines, costs and revenue recognition are properly assessed, communicated and approved, enabling informed decision-making by all parties involved.

Fluctuations in raw material prices and foreign exchange rate

The Group is exposed to fluctuations in raw material prices, particularly steel, which represents a significant input in its products. Movements in steel prices are influenced by global supply and demand dynamics, as well as prevailing international and regional economic conditions. In addition, volatility in foreign currency exchange rates may affect the cost of materials and project execution. Substantial increases in material costs or adverse exchange rate movements could lead to higher project costs, exert pressure on margins, and impact the Group's overall financial performance.

While the Group endeavours, where practicable, to pass through cost variations to customers, projects with extended execution timelines may result in greater exposure to fluctuations in material prices and foreign exchange rates, potentially affecting profitability.

To mitigate these risks, the Group maintains close monitoring of commodity markets that influence key raw materials. Periodic assessments are conducted to ensure that appropriate and effective risk management measures are in place. Where feasible, the Group also seeks to manage foreign exchange exposure by aligning foreign currency-denominated purchases with revenue streams in the same currencies.

Health & Safety

The Group's activities involve manufacturing operations and installation works carried out across various sites, which expose employees to potential workplace hazards, including physical and chemical risks. The Group places the highest priority on the health and safety of its workforce, recognising the serious implications that workplace incidents may have on employees and operations.

Project execution often involves the engagement of contractors across multiple locations, making compliance with established health and safety policies essential. To uphold high safety standards, the Group implements regular safety training and supervision for contractors. This includes systematic hazard identification, risk assessment processes and the implementation of appropriate control measures to minimise occupational health and safety risks. Targeted training is provided for specific hazards, safety briefings are conducted at manufacturing and installation sites, and the necessary personal protective equipment is supplied.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In support of continuous improvement, all incidents are thoroughly investigated to identify root causes, followed by the implementation of corrective and preventive actions. The Group also maintains comprehensive records and monitors safety performance to ensure a safe and secure working environment. This ongoing focus on enhancing health and safety practices reflects the Group's commitment to safeguarding the well-being of its employees and stakeholders.

Dependence on Licenses, Permits, and Accreditations
The Group's operations are dependent on the maintenance of various licences, permits and quality accreditations issued by regulatory authorities, including the Department of Occupational Safety and Health ("DOSH"), as well as certifications from international organisations such as the American Society of Mechanical Engineers ("ASME") and the International Organisation for Standardisation ("ISO"). These approvals are essential to ensure regulatory compliance and to maintain eligibility for project participation, including the G7 contractor certification, which allows the Group to tender for higher-value contracts.

Any failure to comply with the conditions attached to these licences and certifications, or delays in renewal, including requirements relating to workforce composition, may result in suspension or revocation, which could adversely affect the Group's operations and business continuity. In addition, amendments to existing regulations or the introduction of new laws may present further operational challenges. To manage these risks, the Group implements a structured compliance framework, ensures timely renewal of all required licences and certifications, and closely monitors regulatory developments to enable prompt and appropriate responses to changes in the regulatory environment.

Proactive Approach to Risk Management

The Group continues to adopt a forward-looking and proactive approach in managing the risks it faces. Emphasis is placed on enhancing risk management practices to effectively address potential challenges and uncertainties. Through continuous monitoring and adaptability, the Group is well positioned to navigate an increasingly complex business environment, protect stakeholder interests and support long-term, sustainable performance.

FORWARD-LOOKING STATEMENT

Looking ahead, the Group is entering a new phase of growth supported by ongoing innovation and clearly defined strategic initiatives. We remain firmly committed to delivering quality solutions, fostering innovation and maintaining strong customer relationships, which positions the Group to sustain its performance while pursuing long-term, sustainable growth. Our confidence is underpinned by the extensive experience of the management team and the technical capabilities of our skilled workforce. The Group continues to observe an improved pipeline of projects within its design, fabrication, installation and commissioning solution segments, driven by increasing demand for sustainable and clean energy solutions. As at 31 October 2025, the Group's order book stood at RM108.2 million, providing revenue visibility and supporting business continuity in the near term.

While recognising the potential challenges that may arise in the upcoming financial year, the Group remains focused on identified business opportunities and is committed to exercising prudent judgement in driving future growth. The Group continues to strengthen its recurring income base to support long-term growth and financial resilience. In this regard, the Group intends to continue participating in the SEDA Fit 2.0 quota program, targeting the 2MW biomass plant project.

In addition, the Group will continue to leverage its core strengths to optimise resource utilisation, enhance operational efficiency, manage risks effectively and shorten project execution timelines. Efforts to further improve customer experience include planned investments in additional machinery to upgrade and enhance production processes.

Looking forward, the Group also anticipates pursuing collaboration and partnership opportunities to support its strategic objectives. With these initiatives in place, the Group is confident in its ability to build upon its existing achievements, drive sustainable growth, create long-term value for stakeholders and maintain a strong position within the industry.

Yours sincerely,

IR. Lim Thou Lai
Managing Director

SUSTAINABILITY STATEMENT

ABOUT THE COMPANY

Kawan Renergy Berhad (“Kawan” or “the Group”) is a leading engineering solutions provider in Malaysia, recognised for our commitment to operational excellence, sustainability, and responsible innovation. As we grow, we continuously strengthen our sustainability practices by integrating environmental, social, and governance (ESG) considerations across our operations. This ensures that we not only meet but consistently exceed the expectations of our customers, stakeholders, and regulators.

Our operations span engineering design, fabrication, construction, and integrated solutions for energy and industrial sectors.

Our dedication to quality is rooted in a collaborative and highly skilled workforce, enabling us to deliver superior products and services while upholding the principles of environmental stewardship, resource efficiency, and long-term value creation.

VISION

“To provide a comprehensive range of engineering services and products that meet the evolving needs of diverse industries, contributing to sustainable industrial growth and long-term value creation.”

MISSION

“To deliver high-quality engineering products and services to our customers while continuously strengthening our capabilities through extensive research and development. We are committed to enhancing our technical excellence, operational resilience, and business foundation to support sustainable progress.”

CORE VALUES

Committed to Excellence, Integrity, and Collaboration.

At Kawan, we uphold a strong culture grounded in excellence, ethical conduct, and teamwork. We are dedicated to:

- Delivering customised engineering solutions that address industry needs and support responsible development.
- Maintaining integrity in all our actions, ensuring transparency, accountability, and trust; and
- Nurturing long-term relationships with our clients, partners, employees, and the communities where we operate.

These values guide our decision-making, reinforce our sustainability commitments, and reflect our aspiration to contribute meaningfully to society and the environment.

CORE BUSINESS SEGMENTS

Kawan specialises in the design, fabrication, installation, and commissioning of industrial process equipment, process plants, and renewable energy and co-generation plants. As a fully integrated engineering solutions provider, we leverage deep technical expertise to analyse customer requirements and develop tailored, efficient, and high-performing engineering solutions.

Beyond design and engineering, our in-house fabrication, installation, and commissioning capabilities allow us to deliver seamless, end-to-end project execution across multiple industries. Complementing our primary business, we are also engaged in power generation and the sale of electricity, expanding our contribution to the national energy ecosystem.

In addition, the Group operates a precision engineering specialises in the manufacturing and engineering for industrial and high-technology applications, including components for the oil and gas and engineering sectors.

SUSTAINABILITY STATEMENT (CONT'D)

	Our principal activities	Other business activity	
	Design, fabrication, installation and/or commissioning solutions	Power generation and sales of electricity	Precision engineering specialist
Our engineering solutions	Industrial Process Equipment <ul style="list-style-type: none"> Heat Exchangers Pressure Vessels Boilers and Heaters 	Sale of electricity to the grid	Precision engineering specialist in the manufacturing and engineering of high technology products
	Industrial Process Plants <ul style="list-style-type: none"> Emulsifier (Food & Ester) Oleochemical and Chemical Processing Thermal Solutions Waste Recovery 		
	Renewable Energy and Co-generation Plants <ul style="list-style-type: none"> Co-generation Open & Combined Cycle Biogas/landfill Data Centre Standby Power Biomass Gasifier 		
Our product application	Examples of applicable industries: <ul style="list-style-type: none"> Oleochemical and Chemical Processing Food Processing & Animal Feed Oil & Gas Waste Recovery Power Plant Data Centre 	Not applicable	Oil & Gas

ABOUT THIS STATEMENT

The financial year ended 31 October 2025 (“FYE 2025”) marks the second publication of our Sustainability Statement, underscoring Kawan’s commitment to embedding strong sustainability values and responsible practices across all areas of our business. At Kawan, we are dedicated to shaping a more sustainable future by upholding responsible business conduct, maintaining strategic focus, and managing our operations with efficiency and integrity. This Statement reflects our commitment to delivering positive economic, social, environmental, and governance outcomes through the collective efforts of our entire organisation.

Scope and Boundaries

This Sustainability Statement covers the reporting period from 1 November 2024 to 31 October 2025 (“FYE 2025”), consistent with our financial year. It presents a comprehensive overview of the Group’s sustainability performance, highlighting the progress, initiatives, and impacts of our business activities within Malaysia. The sustainability reporting is conducted annually.

SUSTAINABILITY STATEMENT (CONT'D)

Details of the Group's subsidiaries activities are presented in the table below.

Name of Company	Principal Activities
Kawan Engineering Sdn. Bhd.	<ul style="list-style-type: none"> Design, fabrication, installation and/or commissioning of industrial process equipment and process plants.
Kawan Green Energy Sdn. Bhd.	<ul style="list-style-type: none"> Design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.
Kawan Environmental Sdn. Bhd. <i>(formerly known as Kawan Solutions Sdn. Bhd.)</i>	<ul style="list-style-type: none"> Service, repair and maintenance of industrial machinery and equipment. Installation, piping, electrical, and other plant engineering activities, and related technical consultancy. Trading of machinery, equipment, spare parts and supplies.
Magenko Renewables (Asia) Sdn. Bhd.	<ul style="list-style-type: none"> Independent Power Producer (IPP) Involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock.
Magenko Bio Energy Sdn. Bhd.	<ul style="list-style-type: none"> Independent Power Producer (IPP) involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock.
Magenko Renewables (Ipoh) Sdn. Bhd.	<ul style="list-style-type: none"> Independent Power Producer (IPP) involved in power generation and sale of electricity.
I Precision Sdn. Bhd.	<ul style="list-style-type: none"> Precision engineering specializing in the manufacturing and engineering of high technology products. <p> <i>I Precision Sdn. Bhd. is a 51%-owned subsidiary of Kawan Engineering Sdn. Bhd.</i></p>

Reporting Frameworks and Standards

This Sustainability Statement is prepared in accordance with the Bursa Malaysia Securities Berhad ACE Market Listing Requirements (Guidance Note 11 and 11A), which entails the Group's primary regulatory sustainability reporting requirements.

The Statement is also developed with reference to recognised international standards and best practices as follows:

- National Sustainability Reporting Framework ("NSRF")
- IFRS S1 – General Sustainability-related Disclosures.
- IFRS S2 – Climate-related Disclosures.
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
- United Nations Sustainable Development Goals (UN SDGs); and
- ISO 9001, ISO 14001, and ISO 45001 Management System Standards.

Feedback

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement, the issues covered and enquiries to our Sustainability Management Team at sustainability@kawan-renergy.com.my.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

Kawan recognises that effective sustainability governance is fundamental to long-term business resilience, stakeholder trust, and responsible value creation. Guided by the Sustainability (ESG) Framework, the Group has established a structured and accountable governance model that integrates sustainability into strategic direction, operational management, and decision-making processes.

Sustainability is an integral part of Kawan's business model, supported by a robust governance framework that ensures systematic progress toward our sustainability commitments. This structure reinforces accountability, transparency, and continuous improvement across all levels of the Group.

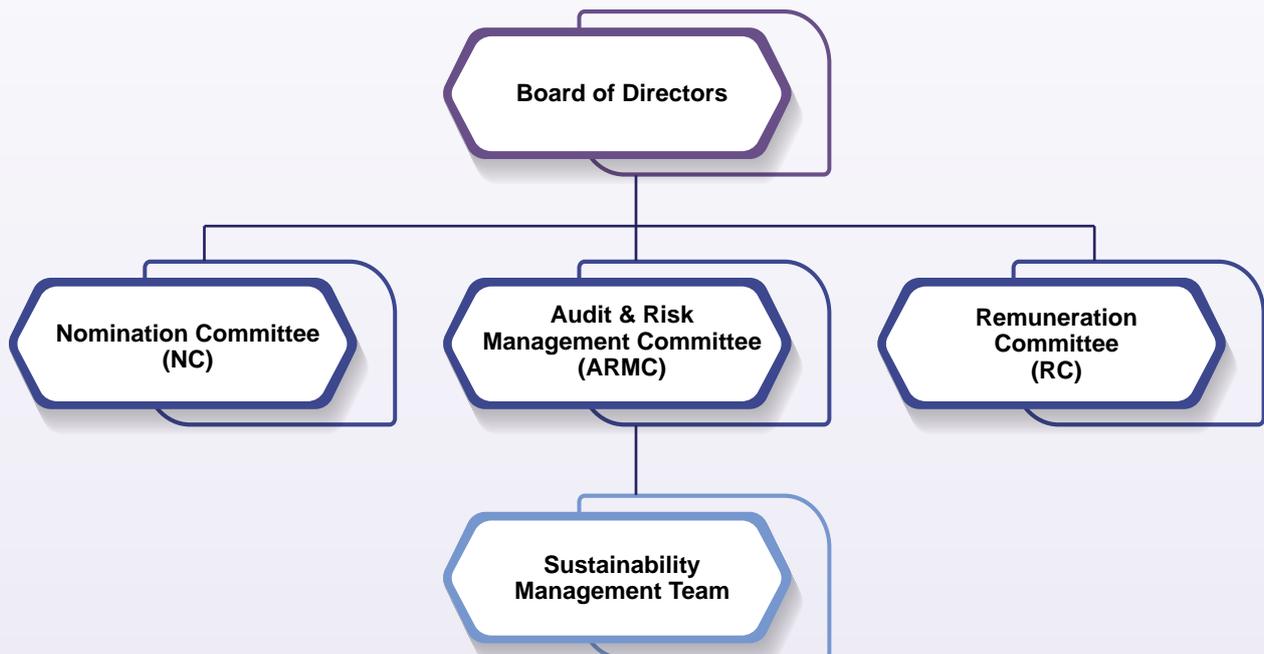
At the highest level, the Board of Directors acts as the custodian of sustainability, providing strategic direction and embedding ESG considerations into our long-term business priorities. Beyond oversight, the Board actively promotes a culture of responsible and sustainable practices throughout the organisation.

The Board acknowledges its responsibility for the integrity of sustainability reporting and confirms that this Sustainability Statement has been reviewed and approved prior to publication. The Board ensures that sustainability-related risks, opportunities, performance metrics, and disclosures are appropriately governed and aligned with regulatory requirements and stakeholder expectations.

The Board is guided by key committees, including the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee. These committees play critical roles in monitoring performance, managing risks, and ensuring that governance measures are aligned with Kawan's sustainability objectives.

To translate strategic intent into action, a dedicated Sustainability Management Team, comprising representatives from various departments has been established. This team leads the execution of sustainability initiatives by formulating strategies, identifying, and mitigating sustainability-related risks, tracking performance indicators, and ensuring effective implementation of sustainability policies and practices.

Clear roles and responsibilities within this governance framework are outlined in the table below, reflecting our commitment to a strong, resilient, and accountable sustainability governance structure.



SUSTAINABILITY STATEMENT (CONT'D)

Roles	Responsibilities
Board of Directors ("Board") * Oversight	<ul style="list-style-type: none"> Set sustainability's vision and strategies, and long-term commitment. Commit to the Sustainability Policy & Framework Determine and approve Sustainability Policy & Framework Oversee the Audit & Risk Committee function and Sustainability Risk activities. Oversees compliance with Bursa Malaysia Securities Berhad & regulatory requirements.
Audit & Risk Management Committee (ARMC)	<ul style="list-style-type: none"> Develop and implement Sustainability framework. Assists the Board in discussing and defining the Group's sustainability policies and strategies. Oversee matters relevant to the Group's reputational and operation risks. Review and provide inputs on non-financial and sustainability risks and opportunities. Provide advice to the Board on the sustainability strategies. Monitor & Review on the sustainability initiative and data collection
Nomination Committee (NC)	<ul style="list-style-type: none"> Facilitates the development of a well-structured and skilled leadership team, Promotes diversity and supports continuous professional growth across the organisation.
Remuneration Committee (RC)	<ul style="list-style-type: none"> Oversees the implementation of a fair and effective remuneration structure that aligns with the company's strategic objectives and HR policies
Sustainability Management Team (Executive officers, engineers, and HOD) *Day to Day implementation	<ul style="list-style-type: none"> Contribute / execute to the Group's sustainability strategy. Embed sustainability throughout the Group. Propose appropriate approaches and targets. Align sustainability strategy to the Group's purpose-driven leadership model. Liaise with external stakeholders. Report on sustainability performance programs and metrics to the Management Teams

STAKEHOLDER ENGAGEMENT

As a responsible and sustainability-driven organisation, Kawan recognises that our operations significantly influence a wide network of stakeholders, including customers, employees, suppliers, investors, government bodies, and local communities. These stakeholders play a vital role in our long-term success, providing essential perspectives that help us identify improvement areas, explore new opportunities, and refine our strategic direction.

In strengthening our commitment to sustainable growth and meaningful stakeholder relationships, we prioritise proactive, transparent, and continuous engagement. Through a balanced mix of formal and informal communication channels, we ensure consistent, purposeful interactions with all stakeholder groups. These engagements enable us to gather valuable feedback, understand evolving expectations, address concerns in a timely manner, and work collaboratively to create shared value.

SUSTAINABILITY STATEMENT (CONT'D)

The table below outlines our core stakeholder groups and the various engagement platforms and methods we employ to support effective two-way communication, ensuring stakeholder insights continue to guide and enhance our sustainability efforts.

Stakeholder	Key Concerns	Engagement Approach	Our Responses / Commitment
Customers 	<ul style="list-style-type: none"> Quality and reliable solutions and services. Customer satisfaction New technology / R&D Relationship building 	<ul style="list-style-type: none"> Reliable service, product quality, and on-time delivery Customer satisfaction survey Customer feedback channels Regular feedback and meetings Customer relationship management Corporate website 	<ul style="list-style-type: none"> Adhere to ISO Management standards (i.e. ISO 9001, ISO 14001, ISO 45001), MyHIJAU mark, ASME etc. Maintaining all related licenses and certifications. Updating the Group or company information to clients. Assessment on customer survey's feedback for improvement. Regular meetings and engagement with clients. Actively engaging and building relationships.
Employees 	<ul style="list-style-type: none"> Safeguarding of human rights, health, and safety, and creating a respectful workplace environment Fair remuneration practices Fair opportunities for career growth, upskilling, and development Regulatory Compliance 	<ul style="list-style-type: none"> Recreational events Annual performance evaluation and appraisal session Periodic meeting with staffs. Employee engagement programmes and initiatives Training programmes Internal communication and memos 	<ul style="list-style-type: none"> Encourage transparent communication with employees. Ensure equal employment opportunities for all individuals without discrimination. Provide reasonable benefits and remuneration package. Provide safe and harmonious working environment. Encourage participation of company's events. Compliance to Occupational Safety & Health's requirement.
Suppliers, vendors & Subcontractor 	<ul style="list-style-type: none"> Transparent procurement practices Continuity of business Ethical labour practices Responsible environmental initiatives Payment schedule Timely delivery Regulatory compliance Anti-bribery 	<ul style="list-style-type: none"> Performance evaluation and feedback session Credential verification 	<ul style="list-style-type: none"> Prioritise the establishment of transparent procurement processes. Require suppliers to undergo a due diligence assessment. Annual suppliers / vendor performance evaluation. Delivery and quality monitoring.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder	Key Concerns	Engagement Approach	Our Responses / Commitment
Investors & Shareholders 	<ul style="list-style-type: none"> The Group's Financial performance Healthy and consistent business growth. Business strategy Shareholder value Corporate governance Regulatory compliance 	<ul style="list-style-type: none"> Annual report Annual general meeting Financial report Corporate website Company announcements Investor relations activities Quarterly announcement / meetings 	<ul style="list-style-type: none"> Provide timely updates on the Group's strategy and financial performance through announcements. Uphold good governance practices across the Group. Compliance to regulatory requirement.
Government & Regulators 	<ul style="list-style-type: none"> Corporate Governance & Compliance Environment, safety & Health Management & Compliance Fair labour practices Policy matters (public, health, and safety) Anti-bribery 	<ul style="list-style-type: none"> Annual report Meeting & seminar Public announcement Correspondence on regulations regarding to Inspection/audit by local authority Policies in place to comply with relevant government laws and regulations Sustainability Reporting. Corporate website 	<ul style="list-style-type: none"> Full compliance with regulatory requirements Adoption of practices outlined in the Malaysian Code on Corporate Governance & anti-bribery practices. Updating Corporate website. Attend seminars or information session held by authorities. Commitment to cooperate during regulators' inspection and audit.
Local Communities 	<ul style="list-style-type: none"> Impact of business operation CSR initiatives Health, safety, and environmental initiatives. Local communities' development and support Interact with local communities 	<ul style="list-style-type: none"> Charitable / community events Corporate website Company's social media 	<ul style="list-style-type: none"> Enhance the welfare and well-being of the community, via ESG initiatives / plan.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT

The Group acknowledges that our key sustainability matters play a vital role in shaping our ability to deliver long-term value to stakeholders, both directly and indirectly. To strengthen our commitment to integrating sustainable practices throughout our operations, we have established a formal annual materiality assessment process.

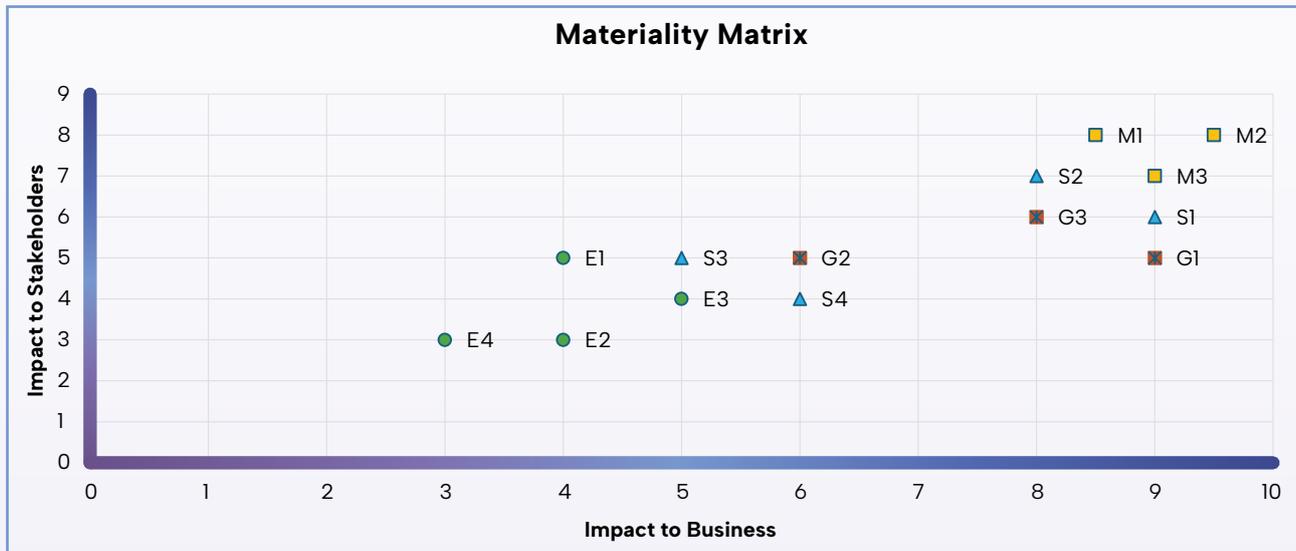
The Group identifies its ESG material matters through a structured materiality assessment process that evaluates sustainability topics based on their relevance to the Group’s business and stakeholders. The materiality assessment plays a critical role in determining ESG matters that:

- reflect the Group’s significant economic, environmental, and social impacts.
- could substantively influence the assessments and decisions of stakeholders.

In conducting this assessment, the Group considers internal risk and opportunity analyses, regulatory requirements, industry practices, and stakeholder expectations to ensure material ESG topics are identified in a balanced and systematic manner.

The Group first conducted a materiality assessment exercise in FY2024, which established an initial set of material sustainability topics. To reflect the changes in the Group’s business operations, external operating environment, and sustainability maturity, the materiality assessment outcomes were reviewed and updated in FYE 2025. As a result, certain ESG material matters were refined, added, or re-prioritised to ensure continued relevance, decision-usefulness, and alignment with the Group’s evolving risk profile and value creation strategy.

Through this rigorous assessment conducted in FYE 2025, the following material topics were identified:



Top Priority Material Matters

- M1 – Financial & Economic Performance
- M2 – Product Quality & Customer Satisfaction
- M3 – Sustainable Operations & Regulatory Compliance
- S1 – Occupational Health & Safety
- S2 – Labour Practices & Standards
- G1 – Cybersecurity & Data Protection
- G3 – Anti-Bribery & Corruption

SUSTAINABILITY STATEMENT (CONT'D)

Medium Priority Materiality Matters

- E1 – Emissions Management
- E3 – Energy Management
- S3 – Diversity
- S4 – Community Engagement and Investment
- G2 – Sustainable Supply Chain Management

Low Priority Materiality Matters

- E2 – Water Management
- E4 – Waste Management

The disclosures in this Sustainability Statement provide transparent reporting on the Group's management approach, initiatives, and performance relating to each material matter, consistent with Bursa Malaysia's Sustainability Reporting requirements.

These disclosures aim to offer stakeholders meaningful insight into the actions we are taking, the progress we have achieved, and the areas we continue to strengthen as part of our commitment to responsible and sustainable business practices.

Based on the assessment results, material sustainability matters are categorised into top, medium, and low priority as below:

- 1) **Top priority** matters are actively managed and monitored due to their potential impact on the Group's operations, financial performance, regulatory compliance, and reputation.
- 2) **Medium and low priority** matters are managed through existing policies, procedures, and operational controls, with ongoing monitoring and improvement.

The Group recognises that certain sustainability matters, including climate-related risks, may have limited direct operational impact at present but remain financially relevant due to evolving regulatory requirements and market expectations. Accordingly, these matters are monitored and progressively integrated into the Group's risk management and sustainability practices.

The Board of Directors, supported by the Audit and Risk Management Committee, oversees the management of material sustainability matters. Management is responsible for implementing mitigation measures, monitoring performance, and reporting progress.

The Group is committed to performing a minor review of its materiality assessment annually and a full materiality assessment every 3 years to provide transparent and meaningful sustainability disclosures in accordance with Bursa Malaysia's sustainability reporting requirements.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY STRATEGY / FRAMEWORK

The basis of the Group's Sustainability Framework is established in accordance with the following principles:

Sustainability Area	Board Goal	What success looks like
Organisational safety 	Zero hazard and safety products <ul style="list-style-type: none"> Protecting the public from hazard products Using sustainable and safety products 	<ul style="list-style-type: none"> No accidents associated with hazard products. Responding to fresh hazards within defined timeframes Reputation as the go to organisation for product safety related hazards Early engagement in planning and development decisions
Occupational Health and Safety 	Zero harm <ul style="list-style-type: none"> Prioritising the safety and wellbeing of our staff and contractors, ensuring that they are equipped with the necessary resources and training to carry out their work safely. Committed to maintaining a workplace culture that promotes physical and mental wellbeing for all individuals involved in operations. 	<ul style="list-style-type: none"> Zero accidents and no new incidences of work-related ill health Less absenteeism Recognition as safe and responsible business Maintain low LTIR
Training and Development 	<ul style="list-style-type: none"> Developing an engaged, productive, and knowledgeable workforce Promoting best practice amongst our staff, partners, and suppliers 	<ul style="list-style-type: none"> Improved employee satisfaction outcomes in relation to training and development. Enhanced skills and performance of employees
Climate Change 	<ul style="list-style-type: none"> Reduce impact on climate change by reducing the carbon intensity 	<ul style="list-style-type: none"> Increase energy efficiency initiative by energy saving program. Implement lower carbon footprint by renewable energy solution. Investigate opportunities to use our services in climate change adaptation
Environmental Management and Green Construction 	<ul style="list-style-type: none"> Making the right decisions about material use and reduce waste by appropriate selection and responsible sourcing reuse, recycling, and disposal of materials. 	<ul style="list-style-type: none"> Improve efficiency manufacturing process to reduce environmental impact. Develop eco-friendly innovative technologies

SUSTAINABILITY STATEMENT (CONT'D)

At Kawan, we recognise and understand the importance of sustainability in responding to the rapidly evolving environmental and business landscape. To effectively manage our sustainability performance and create value for our stakeholders, we have adopted the framework developed by the International Integrated Reporting Council (IIRC). This framework, which utilises the Six Capitals Model, allows us to comprehensively evaluate and report on our sustainability initiatives and their impact across various dimensions, including Financial, Manufactured, Governance, Human, Social, and Natural capital. By embracing this framework, we are better equipped to make informed business decisions that support our sustainability goals and contribute to the creation of long-term value for our stakeholders.

This model has reinforced our sustainability strategy, policies, and practices and is aligned to global best standards including the United Nation Sustainability Development Goals (SDGs). The Six Capitals Model will allow us to create sustained value for our business and stakeholders.

Financial Capital

- **Funds available to firm from operations and financing.**
 - To provide resources to support the Group's operation and implement other Capitals.

Manufactured Capital

- **Manufactured physical objects used in value creation.**
 - Implementing sustainability through product quality and compliance

Governance Capital

- **Governance, internal control system and procedures.**
 - Board engagement on strategy, internal control to enhance the sustainability initiatives.

Human Capital

- **Skills, motivation, alignment with organisational goals.**
 - Creating a safe and supportive working environment, training, and self-development.

Social Capital

- **Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence, and its social license to operate.**
 - Contributing to local communities' development and improvement

Natural Capital

- **Renewable and non-renewable natural elements, and the ecosystem, used as inputs by the firm now or in the past or future, and impact of firm on them.**
 - Improving our environment by utilising greener alternatives.

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH FOR MATERIAL MATTERS

This Sustainability Statement represents the second year of the Group formal sustainability reporting. Its continued publication reflects the Board's and Management's unwavering commitment to strengthening transparency, reinforcing governance practices, and embedding sustainability considerations into the Group's strategic direction and operational management. By advancing the depth and quality of our disclosures, the Group demonstrates its dedication to continuous improvement, responsible stewardship, and the creation of long-term, sustainable value for all stakeholders.

Driving Sustainable Growth

1. Financial & Economic Performance

The Sustainability Statement for FYE 2025 represents the second year in which the Group has disclosed its sustainability performance in accordance with Bursa Malaysia's Sustainability Reporting requirements. The continuation of this Statement demonstrates the Board's and Management's strong commitment to meeting Bursa's expectations on transparency, accountability, and effective sustainability governance.

For the financial year under review, the Group has further strengthened the integration of material sustainability matters, risk management considerations, and stakeholder expectations into our strategic and operational decision-making processes.

This ongoing progression reflects our commitment to continuous enhancement of reporting quality and alignment with evolving regulatory requirements, while ensuring the creation of long-term value for our stakeholders.

Our Performance

For FYE 2025, the Group continues to strengthen its economic performance through disciplined financial management, operational efficiency, and strategic positioning within the engineering and industrial solutions sector. While the detailed financial results for the year will be presented in Kawan's Annual Report FYE 2025, the Group remains focused on delivering sustainable revenue growth supported by its core business segments, including Industrial Process Equipment and Industrial Process Plant solutions.

The Group's approach toward sustaining financial resilience is anchored in developing comprehensive business strategies informed by market developments, maintaining a healthy balance sheet and robust cash flow position, and proactively managing risks associated with our operations and industry landscape. This disciplined and forward-looking approach reflects Management's commitment to safeguarding long-term value for stakeholders.

As the Group progresses into FYE 2025 and beyond, the Group remains committed to sustaining solid financial fundamentals while pursuing strategic opportunities that support sustainable growth, strengthen competitiveness, and reinforce our operational excellence.

The performance of the Group is summarized in the table below:

	RM'000	
	FYE 2025	FYE 2024
Economic value generated (e.g., revenue, other income, etc.)	138,261	114,760
Economic value distributed:		
➤ Cost of sales	98,695	79,586
➤ Expenses (e.g., operating expenses, administrative expenses, selling and distribution expenses)	8,661	8,312
➤ Finance costs	221	352
➤ Payment to government (e.g., tax)	8,416	8,501
Economic value retained	22,268	18,009

SUSTAINABILITY STATEMENT (CONT'D)

2. Product Quality & Customer Satisfaction

The Group remains firmly committed to creating long-term value by consistently delivering products and solutions that meet stringent industry standards. Upholding the highest levels of quality is central to our operating philosophy and supports a wide range of strategic outcomes, including enhanced customer satisfaction, improved market confidence, strengthened shareholder value, effective risk mitigation, and the cultivation of a strong performance culture across our workforce.

By prioritising quality and compliance, the Group reinforces its competitive advantage, supports sustainable business growth, and guarantees customer satisfaction for the Group's long-term success and sustainability. With this understanding, we are committed to not only meeting but consistently exceeding customer expectations. We actively seek customer input and integrate this feedback into our continuous improvement processes to enhance the quality, performance, and reliability of our products and services.

By maintaining strict adherence to high-quality standards and embracing a customer-centric approach, we aim to deliver exceptional value and build enduring relationships. This commitment ensures that we remain responsive to evolving customer needs, strengthening trust, loyalty, and confidence over time.

Our Performance

Quality excellence and regulatory compliance form the cornerstone of the Group's operations. The Group's quality management system is supported by rigorous processes, systematic controls, and continuous monitoring to ensure that all products and services meet or exceed regulatory, technical, and customer requirements.

Kawan's Integrated Management System / framework is strengthened by multiple internationally recognised certifications, each demonstrating our adherence to global best practices and our commitment to delivering safe, reliable, and high-performance products to the industries we serve.

The Group's commitment to quality, compliance, and environmental responsibility is reflected through the following key certifications:



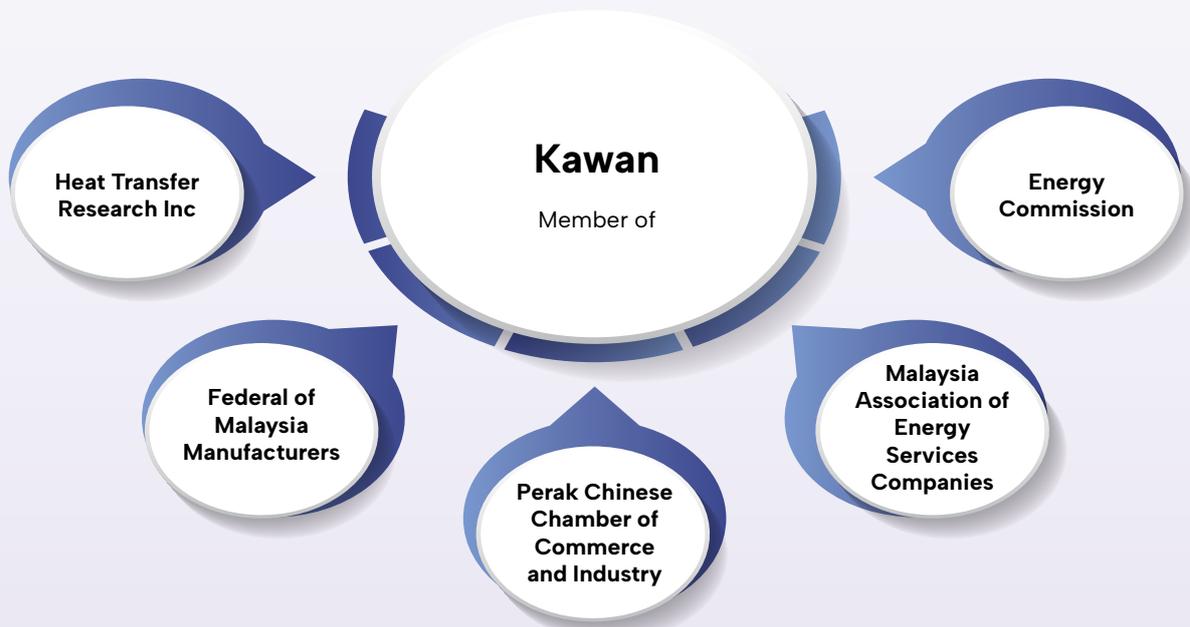
We also hold specialised certifications that emphasise our expertise and commitment to sector-specific excellence:

SUSTAINABILITY STATEMENT (CONT'D)

National Board 'NB' Mark	National Board 'R' Stamp	ASME 'U' Stamp
ASME 'H' Stamp	ASME 'S' Stamp	ASME 'U2' Stamp
DOSH Malaysia - Certificate of Registration for a Competent Firm (Petroleum Contractor)	DOSH Malaysia - Manufacturing, Repair, and Modification of Steam Boilers	DOSH Malaysia - Manufacturer and Repairer of Pressure Vessels
MyHIJAU Mark	Sustainable Energy Development Authority (SEDA) - certified Feed-In Approval	Sustainable Energy Development Authority (SEDA) - certified Local Manufacturer Assembler (LMA) - Gasifier
MITI Manufacturing Licence for - Pressure Vessels, Heat Exchangers, Thermal Fluid Heaters, Boilers, Steam Generators, Economiser and Calorifiers. - Deaerators, Waste Water Equipment and Process Equipment.	MITI Manufacturing Licence for Gasifier	MITI Manufacturing Licence for - Gas Turbine/ Engine Cogeneration Systems and related Modules & Components. - Biomass/Biogas Fired Boiler Steam Turbine Systems and Related Modules & Components. - Diesel Engine Power Generation System and Related Modules & Components
CIDB - Perakuan Pendaftaran Kontraktor (PPK), Grade G7	CIDB - Sijil Perolehan Kerja Kerajaan (SPKK)	Energy Commission (EC) - Public Licence for the Generation of Electricity and Export to the National Grid.

These certifications not only validate our technical competencies but also underscore our dedication to responsible production, regulatory adherence, and continuous improvement.

The Group is also a proud member of the following associations:



SUSTAINABILITY STATEMENT (CONT'D)

As we progress through FYE 2025, the Group will continue to advance its quality management practices, invest in capability enhancement, and align with evolving industry standards to maintain our leadership in engineering excellence.

In addition to engineering excellence, we are proactively improving our customer experience through structured engagement and continuous feedback collection. One of our key initiatives is the Customer Satisfaction Survey, which provides critical insights into customer expectations and their experience with our products and services.

The survey assesses key performance attributes, including:

- 1) Conformity to technical specifications
- 2) Product and service quality
- 3) Timeliness of delivery
- 4) Responsiveness and communication
- 5) Overall service performance

Feedback obtained through the survey plays a vital role in informing our improvement strategies, enabling us to uphold high standards while staying aligned with market needs and technological developments.

Furthermore, the Group remains committed to aligning customer value creation with sustainability principles, ensuring that the solutions we deliver not only meet operational requirements but also support positive environmental and social outcomes. This reflects our dedication to responsible business practices and reinforces our responsiveness to the needs of a sustainability-conscious customer base.

	FYE 2025	FYE 2024
Customer survey satisfaction score (target > 12)	13.1	12.7

3. Sustainable Operations & Regulatory Compliance

Operational excellence and sustainability remain central to the Group's operating philosophy. The Group is committed to upholding stringent quality management standards while embedding responsible and efficient practices across all operational activities. In FYE 2025, we continue to advance sustainability integration by reducing environmental impact, improving energy efficiency, and incorporating circular economy principles wherever feasible.

Recognising climate change as a material global challenge, the Group places strong emphasis on continuous improvement, innovation, and adherence to regulatory requirements. Through proactive investment in sustainable processes and responsible operations, the Group strengthens its resilience, enhances efficiency, and fulfils its obligations to the environment and the communities in which we operate.

Our Performance

The Group's approach to sustainable operations is anchored in conducting business responsibly while ensuring consistent delivery of high-quality products and services. We continuously monitor operational processes to ensure alignment with our sustainability objectives and compliance with all applicable environmental regulations.

Given the nature of our operations, where activities involve minimal gas emissions, minimal water discharge, no use of boilers, and no production of biological or chemical waste, the Group's environmental impact remains inherently low. Nevertheless, our commitment to environmental stewardship is reflected through the following measures:

- Strict compliance with all environmental regulations and statutory requirements.
- Regular monitoring and reporting of operational processes to ensure full alignment with the Group's ESG commitments.
- Continuous optimisation of resource usage, including electricity efficiency measures and responsible material utilisation.
- Adoption of circular economy practices, such as waste reduction, responsible scrap handling, and recycling initiatives.
- Investment in innovation and research to identify energy-saving opportunities and low-impact operational improvements.

SUSTAINABILITY STATEMENT (CONT'D)

The Group’s dedication to the environmental standards is demonstrated through the following measures:

Environmental Compliance			
	1. Boundary Noise Monitoring Regular assessments to ensure noise levels are within permissible limits		4. Gas Emissions Compliance Ensuring adherence to regulatory requirements for gas emissions.
	2. Chemical Health Risk Assessment (“CHRA”) Conducting evaluations and implementing improvements where needed		5. Industrial Effluent Compliance Ensuring adherence to regulatory requirements for industrial effluent
	3. Chemical Exposure Monitoring (“CEM”) Monitoring workplace chemical exposure to safeguard employee health.		6. Scheduled Waste Compliance Ensuring adherence to regulatory requirements for scheduled waste management.

	FYE 2025	FYE 2024
Regulatory Compliances- Penalty from Authorities (cases) <i>Regulatory bodies include DOSH, DOE, and Bursa Securities Malaysia Berhad. Etc</i>	0	0

These ongoing efforts reinforce our commitment to responsible operations and demonstrate the Group’s focus on supporting long-term sustainability while maintaining operational excellence.

Strengthening Corporate Governance

4. Anti-Bribery & Corruption

Transparency remains a fundamental principle of the Group’s governance approach, particularly in our sustainability disclosures, which we recognise as essential for enhancing accountability and providing clarity on our management practices. By communicating openly on our governance and sustainability commitments, the Group aims to reinforce long-term trust and confidence among our stakeholders.

The Group continues to uphold the highest standards of corporate governance, underpinned by ethical business conduct and full organisational compliance. The Board acknowledges the importance of a sound risk management framework and an effective internal control environment in fostering a culture of strong governance, in line with the principles and guidance of the Malaysian Code on Corporate Governance (“MCCG”) 2021.

Our Performance

Integrity remains central to how we conduct our business. The Group’s Code of Conduct sets out clear principles and expectations governing ethical behaviour across all levels of the organisation. The Group maintains a zero-tolerance stance against fraud, bribery, corruption, money laundering, and insider trading, reflecting our commitment to responsible and transparent business practices.

To reinforce ethical conduct, the Group has established a comprehensive Anti-Bribery and Corruption (“ABC”) Policy, supported by clear governance structures and internal controls. Complementing this, the Group’s Whistleblowing Policy provides a secure and confidential avenue for employees and external stakeholders to report genuine concerns without fear of retaliation. Reports may be lodged through a dedicated whistleblowing email channel or physical mailbox using a prescribed form, and all disclosures are handled with strict confidentiality and due diligence.

SUSTAINABILITY STATEMENT (CONT'D)

Through these policies and mechanisms, the Group strengthens its governance culture, enhances accountability, and ensures full compliance with regulatory requirements, including the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") and its associated guidelines. As we progress through FYE 2025, the Group remains committed to continuously enhancing its governance framework to safeguard stakeholder trust and uphold the highest standards of ethical conduct.

	FYE 2025	FYE 2024
Number of confirmed corruption incidents	0	0

In line with our commitment to ethical conduct, regulatory compliance, and strengthening stakeholder confidence, the Group is pleased to report that no incidents of bribery or corruption were recorded as of 31 October 2025. To uphold this standard across the organisation, all employees are required to undergo mandatory Anti-Bribery and Corruption ("ABC") training. New employees attend compulsory onboarding sessions, while existing employees complete periodic refresher programmes.

These training initiatives ensure that our workforce is fully equipped with the knowledge and awareness necessary to comply with the Group's ABC Policy and to uphold Kawan's high standards of integrity, governance, and responsible business conduct.

The table below presents the employee ABC training completion rate.

Employee Category	Completion Rate (%)	
	FYE 2025	FYE 2024
Management	100	100
Executive	100	100
Non-Executive/Technical Staff	100	100
General Workers	100	100

We exercise rigorous oversight to detect, prevent, and address any form of unethical behaviour or corruption across the organisation. This vigilance is an integral component of our sustainable operational and governance framework. By continuously strengthening our internal controls, monitoring processes, and corruption-risk mitigation capabilities, the Group reinforces its unwavering commitment to ethical conduct, responsible business practices, and sustainability at every level of our operations.

	FYE 2025	FYE 2024
Percentage of operations assessed for corruption-related risks (%)	100	100

Through these continuous efforts, the Group is reinforcing a strong ethical foundation that underpins sustainable growth, strengthens stakeholder confidence, and ensures that our business practices remain aligned with the highest standards of corporate responsibility and transparency. This proactive approach not only safeguards the organisation from potential risks but also enhances the long-term sustainability, resilience, and integrity of our operations.

SUSTAINABILITY STATEMENT (CONT'D)

5. Cybersecurity & Data Protection

In an increasingly digital operating environment, where technological systems underpin business continuity and operational efficiency, the Group recognises both the opportunities and the risks associated with digital transformation. As digital platforms continue to shape remote operations, automation, and the optimisation of business processes, cybersecurity threats have become more sophisticated and pervasive. In response, the Group remains steadfast in prioritising data security and the protection of sensitive information to uphold stakeholder confidence and ensure safe, uninterrupted operations.

Our Performance

For FYE 2025, the Group continues to strengthen its cybersecurity posture and data governance through a structured framework that aligns with, and in several areas exceeds, prevailing regulatory requirements. Guided by our Privacy Policy, which is fully aligned with the Personal Data Protection Act ("PDPA") 2010, the Group applies a comprehensive approach to safeguarding personal and operational data across all business functions.

To ensure the resilience of our digital infrastructure, the Group employs a combination of internal controls and specialist external support. An appointed IT vendor manages critical components of our cybersecurity ecosystem, including service-level compliance, antivirus protection, firewall configurations, and incident monitoring logs. This partnership enhances our technical capabilities and ensures continuous oversight of potential vulnerabilities.

The Group remains committed to regularly upgrading its security protocols to address emerging threats, adopting preventive controls, and embedding responsible digital practices across the organisation. This commitment reinforces a culture of digital responsibility and strengthens stakeholder trust in the confidentiality, integrity, and availability of information under our care.

As of 31 Oct 2025, the Group reports no substantiated complaints or incidents involving customer privacy breaches or data loss, reflecting the effectiveness of our current controls and ongoing vigilance in cybersecurity risk management.

	FYE 2025	FYE 2024
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0

6. Sustainable Supply Chain Management

A sustainable, resilient, and ethically managed supply chain remains fundamental to the Group's business operations. In line with our commitment to responsible and inclusive growth, the Group embeds sustainability considerations into procurement processes to ensure that suppliers uphold standards consistent with our environmental, social, and governance ("ESG") expectations. By working closely with local suppliers and service providers, we support local economic development, strengthen regional industries, and reinforce our broader commitment to contributing to the socio-economic progress of the communities in which we operate.

Our Performance

For FYE 2025, the Group continues to enhance the sustainability and robustness of its supply chain through structured procurement practices, transparent engagement, and comprehensive supplier assessments. Our supplier management approach incorporates stringent evaluation criteria, including financial stability, corporate background, safety performance, quality certifications, and compliance with relevant regulatory and ESG requirements.

To maintain operational continuity and mitigate supply chain risks, the Group adopts a diversified sourcing strategy, maintaining multiple qualified suppliers for critical materials and services. This approach reduces dependency risks, strengthens business resilience, and ensures timely access to essential inputs. Suppliers are evaluated based on quality, cost-effectiveness, reliability, and their alignment with the Group's sustainability expectations.

SUSTAINABILITY STATEMENT (CONT'D)

Effective supplier engagement is facilitated through ongoing communication, periodic performance reviews, and clearly defined contractual expectations. These practices foster long-term partnerships built on transparency, accountability, and shared objectives. Risk management practices are also integrated into supply chain oversight, including monitoring market conditions, assessing supplier capacities, and implementing contingency measures where necessary.

In line with our commitment to supporting local industry and reducing environmental impact, the Group prioritises sourcing from local suppliers whenever feasible. This approach helps shorten lead times, minimise logistics-related emissions, and strengthen local business ecosystems.

As part of our forward strategy, the Group aims to maintain a local supplier spending level of above 70%, reinforcing our dedication to local economic participation while safeguarding operational efficiency and competitiveness.

	FYE 2025	FYE 2024
Proportion of spending on local suppliers (%)	75	87

Advancing Social Progress

7. Occupational Health and Safety

The health and safety of our workforce remain a core value and a fundamental responsibility at the Group. The Group is steadfast in its commitment to preventing workplace injuries and illnesses, ensuring that the well-being of our employees is upheld as our highest priority.

Our goal is to cultivate a work environment that is not only safe and healthy but also supportive of holistic employee wellness. We believe that prioritising health and safety safeguards our employees, enhances productivity, and strengthens operational efficiency. By fostering a culture built on care, discipline, and accountability, we empower our people to perform at their best contributing directly to the long-term growth and sustainability of the organisation.

Our Performance

In line with our commitment to maintaining a safe and compliant workplace, the Group has established a dedicated Safety and Health Committee responsible for overseeing, coordinating, and enhancing health and safety practices across all operations. The Committee ensures that safety protocols remain robust, relevant, and aligned with regulatory requirements.

To strengthen safety awareness and embed a strong safety culture throughout the organisation, the Group has implemented a range of initiatives and engagement activities, via channels below:

- 1) Weekly Toolbox Talks to reinforce safety practices, hazard awareness, and operational updates.
- 2) Training Programmes conducted both in-house and by external specialists, to build technical and safety competencies.
- 3) Seminars and briefings by authorities such as DOSH and DOE, providing employees with regulatory insights and best practices.
- 4) Regular HSE Committee Meetings to evaluate safety issues, discuss corrective actions, and monitor ongoing improvements.
- 5) Townhall Sessions, where relevant, to communicate key safety messages and engage employees on health and safety matters.
- 6) Safety Signage and Visual Reminders placed prominently across work areas to reinforce safe behaviours and hazard awareness.
- 7) Formal Safety Memos to convey critical information, updates, and compliance requirements.
- 8) WhatsApp Notifications for immediate communication of safety alerts and advisories.
- 9) Email communications.
- 10) Monthly management meetings.

To ensure that all employees are equipped with the necessary knowledge and skills to operate safely, the Group conducts targeted competency-based training programmes.

SUSTAINABILITY STATEMENT (CONT'D)

In FYE 2025, a total of 102 employees participated in these safety programmes, completing 1,062 cumulative training hours. Training hours disclosed under occupational safety and health form part of the Group's total training hours reported in accordance with Bursa Malaysia Sustainability Reporting requirements. These continuous efforts demonstrate our proactive approach to strengthening workplace safety, enhancing regulatory compliance, and safeguarding the well-being of our workforce.

	FYE 2025	FYE 2024
Number of employees trained on health and safety standards	102	47
Cumulative Training hours	1,062	664

Our foremost priority is to ensure that every employee returns home safely and injury-free at the end of each workday. While the Group recorded a Lost Time Incident Rate ("LTIR") of 0.6 in FYE 2025, reflecting the effectiveness of our safety controls and commitment to minimising workplace incidents, we remain resolute in further strengthening our safety performance.

This continued focus on prevention and improvement underscores our unwavering dedication to protecting employee well-being and maintaining a safe, secure, and supportive working environment where all personnel can perform their duties with confidence and peace of mind.

	FYE 2025	FYE 2024
Total hours worked	674,576	691,776
Number of work-related fatalities	0	0
Number of lost time injuries	2	1
Lost time incident rate (LTIR) per 200,000 man-hours worked	0.6	0.3

8. Labour Practices & Standards

At the Group, our employees are recognised as one of our most valuable assets and a key driver of the Group's long-term success. Our people-centred management approach is built on ensuring employee well-being, strengthening talent development, and fostering a supportive and empowering work environment.

We remain committed to attracting, developing, and retaining high-calibre talent through structured initiatives that enhance skills, encourage innovation, and promote continuous learning. By nurturing a culture that supports both personal and professional growth, we aim to build a motivated, capable, and future-ready workforce equipped to support operational excellence and sustainable business growth.

Our Performance

The Group's Human Resources strategy is anchored in three core pillars that reflect our commitment to excellence in employment practices:

1. Training and Development
2. Remuneration and Performance Management
3. Employee Welfare and Initiatives

These pillars form the foundation of our employee management framework and support our objective of enhancing productivity, driving continuous improvement, and strengthening organisational performance across all levels.

Training and Development

The Group firmly believes that continuous investment in workforce development is essential for attracting and retaining high-performing talent and sustaining long-term organisational competitiveness. In a rapidly evolving, technology-driven landscape, we strive to build a highly skilled and adaptable workforce capable of meeting current and future business needs.

SUSTAINABILITY STATEMENT (CONT'D)

Our talent development strategy focuses on closing skill gaps, enhancing technical and soft-skills competencies, and supporting employees in achieving their career aspirations. Through a comprehensive range of structured training programmes, we empower our workforce to enhance their capabilities, achieve excellence in their roles, and contribute to the Group's overall growth.

The training and development programmes conducted in FYE 2025 included the following:

No.	Training and Development Programmes
1	Decoding Transactions & RPT Rules training
2	Enhanced COI Framework training
3	Battery Energy Storage System
4	SST: tax exemption & its impact on SST
5	First Aid at Workplace
6	ISO / SOP training refresh
7	Basic tank calculation
8	Safe forklift driving and attitude training
9	Xist Workshop
10	Xace Workshop
11	7 habits of highly effective people training
12	Training Laser Alignment Shaft TKSa41
13	Webinar Pelaksanaan Gaji Minimum 2024 & Permohonan Kebenaran Ketua Pengarah
14	Hearing Conservation Administrator (HCA) Compliance to OSH Exposure Regulation 2019
15	AESPR
16	Seminar Pendaftaran Kontraktor Malaysia Madani 2025
17	AESP
18	Webinar Kemalangan Pekerjaan
19	Understanding Isometric Drawing & P&ID
20	The 6 Critical Practices for Leading a Team
21	Horizontal Pressure Vessel design using PV Elite and ASME SEC VIII Div 1
22	Employment Act 1955 Seminar
23	CePSWaM
24	CEPBFO
25	SST Scope Expansion 2025: What Businesses Need to Know
26	BASIC FIRST AID + CPR + AED Training
27	Safe Forklift Driving & Attitude Training
28	Safe Handling of Forklift
29	Seminar Pemeriksaan Majikan dalam Pengurusan Penggajian Pekerja Asing & Sistem Berkaitan
30	AGTES
31	Registered Energy Manager Type 2 (REMTC-T2)
32	Master Your Service Tax: A Business Owner's Guide

SUSTAINABILITY STATEMENT (CONT'D)

No.	Training and Development Programmes
33	Project Cost Management
34	Master Your Sales Tax: A Business Owner's Guide
35	AGTES (Refresher)
36	Microsoft Project 2016
37	Design Elements for Energy Efficient Data Centre Infrastructure
38	Healthy Habit Happy Heart
39	Emergency Responses Team and Fire Fighting
40	E-Invoicing Updates
41	Waste Management
42	Greenhouse Gas Management
43	EA Preparatory and e-Filing Submission
44	Office Ergonomics
45	Program Handling Cukai Perkhidmatan
46	Basic Signalman & Basic Rigger
47	E-Invoicing Implementation

As part of our commitment to developing a capable and future-ready workforce, the Group implements a wide range of training programmes while ensuring their relevance and effectiveness through a structured Training Needs Analysis ("TNA") process. Working closely with the Human Resources department, we assess regulatory and compliance requirements, analyse departmental needs, and consolidate employee feedback to formulate a comprehensive annual training plan.

This plan emphasises a balanced approach to capability development, incorporating both technical and soft-skills training, structured competency-building initiatives, and targeted programmes that ensure new hires meet role-specific skill expectations. In addition, we prioritise on-the-job learning and continuous upskilling to ensure employees remain abreast of industry developments, regulatory updates, and evolving business demands.

In FYE 2025, the Group invested RM142,039.40 in comprehensive training programmes, with employees completing a total of 2,336 training hours (includes safety and health training program). This investment reflects our commitment to equipping our workforce with the essential knowledge and skills to excel in their current responsibilities and to prepare for future challenges. By fostering a strong culture of continuous learning, Kawan enhances individual capability while strengthening organisational resilience, positioning the Group for sustained success in an increasingly competitive landscape.

The table below presents the total training hours completed by our employees.

Employee Category	Total Training Hours	
	FYE 2025	FYE 2024
Management	210	495
Executive	1,347	1,234
Non-Executive/Technical Staff	757	670
General Workers	22	14
Total	2,336	2,413

SUSTAINABILITY STATEMENT (CONT'D)

Remuneration Packages and Performance Management

The Group recognises that our employees are the foundation of the Group’s long-term growth and continued success. Guided by the principles of being results-driven, accountable, collaborative, and committed to shared success, we are dedicated to cultivating a high-performance culture across the organisation. To support this, the Group conducts annual performance and career development reviews, providing employees with opportunities for self-assessment, constructive feedback, coaching, and structured development planning.

Employee remuneration is determined through a balanced and transparent framework that considers multiple key factors, including an employee’s experience and qualifications, individual performance and contributions, prevailing market benchmarks, and the Group’s financial position and long-term strategic priorities. This approach ensures that base salaries remain competitive, exceptional performance is recognised and rewarded, and compensation practices are aligned with sustainable business objectives.

We remain committed to creating a motivating and supportive work environment by offering competitive compensation and comprehensive benefits designed to attract, retain, and engage high-quality talent. In line with our commitment to employee well-being, the Group’s employment terms comply with industry standards and include a broad range of benefits that support both the professional and personal needs of our workforce.

Our employment benefits include the following:

Leave

- Annual leave
- Medical and Hospitalisation leave
- Marriage leave
- Maternity leave
- Paternity leave
- Compassionate leave

Medical

- Medical (individual & Family)
- Medical check-up (for pre-employment)

Others

- Personal growth and development
- Staff meals
- Recreational activities
- Gift/token
- Transport claim,
- Group insurance,
- Accommodation claims
- Shift allowance

In addition to maintaining a 100% completion rate for employee performance reviews, the Group is proud to sustain a highly engaged workforce. This demonstrates our ongoing commitment to fostering a supportive, motivating, and high-performance workplace culture.

The charts below provide an overview of our workforce profile, illustrating key employment indicators, including total new hires, employee turnover, turnover rate, and employment type for FYE 2025.

	FYE 2025	FYE 2024
Total number of new hires	24	31
Total number of employee turnover	17	18

Rates of new hires and turnover (%) Total Employees, n = 237



*Headcounts of the Group is 237 as of 31 Oct 2025.

SUSTAINABILITY STATEMENT (CONT'D)

Breakdown of employee turnover	FYE 2025	FYE 2024
Management	2	3
Executive	13	4
Non-Executive/Technical Staff	2	10
General Workers	0	1

The Group monitors the proportion of employees engaged as contractors or temporary staff to understand its workforce structure and support effective workforce planning. The Group recognises that job stability is important to employee well-being and engagement and, where operationally appropriate, remains committed to progressively converting contract or temporary roles into permanent positions. This approach supports workforce continuity, skills retention, and long-term organisational resilience.

	FYE 2025	FYE 2024
Employees that are contractors or temporary staffs (%)	13	28

Employee Welfare and Initiatives

At the Group, we place strong emphasis not only on the physical health and safety of our employees but also on their mental and emotional well-being. Our dedication to upholding human rights and ethical labour practices is demonstrated through our performance in FYE 2025, during which the Group recorded zero complaints related to human rights violations. This outcome reflects our strong commitment to safeguarding dignity, ensuring equitable treatment, and maintaining high standards of conduct throughout our operations.

By upholding these principles, the Group strengthens its workplace culture, enhances employee trust, and builds responsible, sustainable relationships with all stakeholders.

	FYE 2025	FYE 2024
Number of substantiated complaints concerning human rights violation	0	0

In addition, we believe that encouraging an active and balanced lifestyle contributes to improved overall health and supports the development of a positive, energetic, and cohesive workplace culture.

To promote a healthy work-life balance and strengthen team camaraderie, the Group regularly organises a variety of engagement initiatives throughout the year. These activities are designed to foster connection, boost morale, and enhance productivity across the organisation.

In FYE 2025, various employee engagement initiatives were executed, these initiatives help cultivate a strong sense of community, reinforce employee well-being, and contribute to a vibrant and supportive workplace environment.

SUSTAINABILITY STATEMENT (CONT'D)

Below are some photos highlighting employee engagement activities of the year:



Pickleball and Badminton Recreational Event



MOH NGAIL Fishing



Annual Dinner



Christmas Celebration



Chinese New Year Celebration



Aidilfitri Celebration



Employee Health & Ear Screening



Employee Health Screening

SUSTAINABILITY STATEMENT (CONT'D)



Women's Day Celebration



Kurma Giving Day



Durian and Mangosteen Feast



GreenBag Sparks Competition



Employee Birthday Celebration



Bowling Fun Event

SUSTAINABILITY STATEMENT (CONT'D)

9. Diversity

The Group is committed to cultivating a vibrant, dynamic, and inclusive workplace that is free from discrimination in all its forms. The Group embraces diversity and actively promotes equal opportunities for all employees, irrespective of race, gender, religion, age, disability, or any other protected characteristic.

By fostering an inclusive culture that values the unique strengths and perspectives of every individual, we enable our people to realise their full potential and contribute meaningfully to the Group's success. Our focus on diversity, equity, and inclusion goes beyond regulatory compliance; it reflects our belief that a diverse workforce enhances innovation, drives excellence, and strengthens organisational performance.

Our Performance

The Group is committed to fairness, equity, and respect across all interactions with employees, shareholders, customers, suppliers, and business partners. We strive to create an inclusive environment where individuals from all backgrounds are recognised, valued, and empowered to contribute their ideas and capabilities.

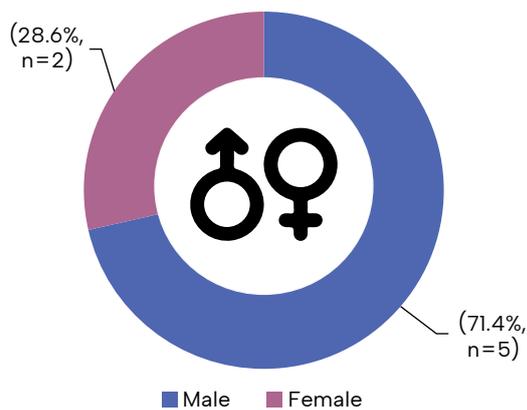
Recognising that fairness, respect, and inclusivity are fundamental to our organisational success and broader societal contribution, The Group is committed to cultivating a welcoming and supportive workplace culture. We prioritise providing equal access to career development, progression, and leadership opportunities for all employees, regardless of personal background or characteristics, ensuring that every individual could thrive and realise their full potential.

The charts below illustrate the Group's Board diversity performance and Workforce Profile for FYE 2025.

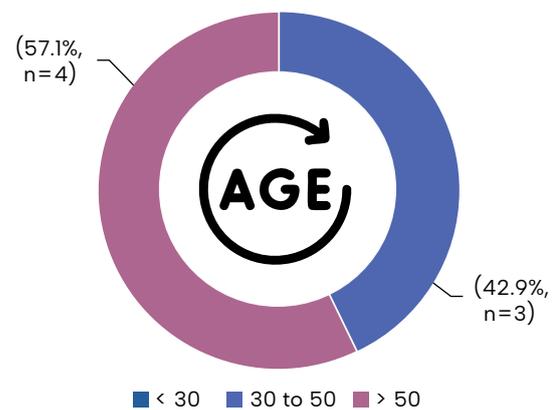
Board Diversity – Gender and Age

No. of Total Board Members = 7

Board Diversity – Gender Distribution (%)
Total Board, n = 7



Board Diversity – Age Distribution (%)
Total Board, n = 7

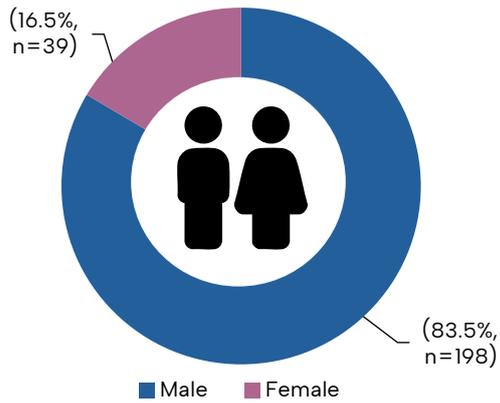


SUSTAINABILITY STATEMENT (CONT'D)

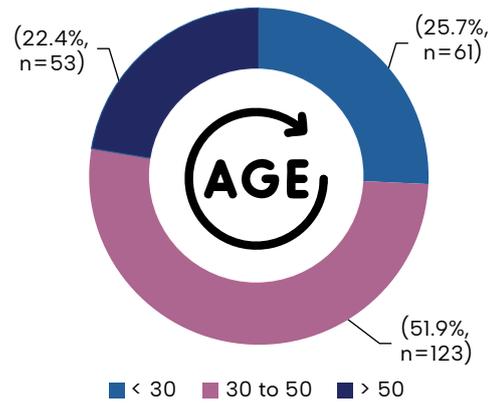
Workforce Profile – Gender, Age and Ethnic Diversity

No. of Total Employees = 237

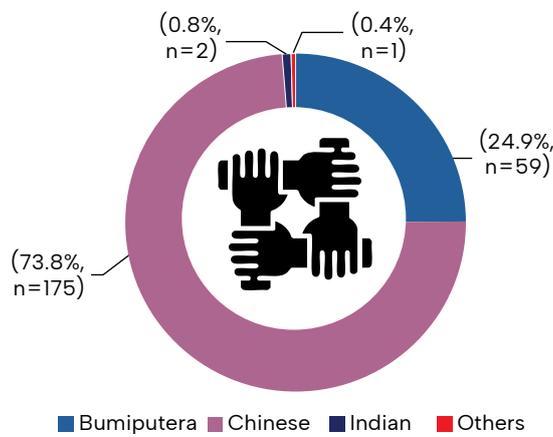
Workforce–Gender Distribution (%)
Total Employees, n = 237



Workforce - Age Distribution (%)
Total Employees, n = 237



Workforce–Ethnic Diversity Distribution (%)
Total Employees, n = 237

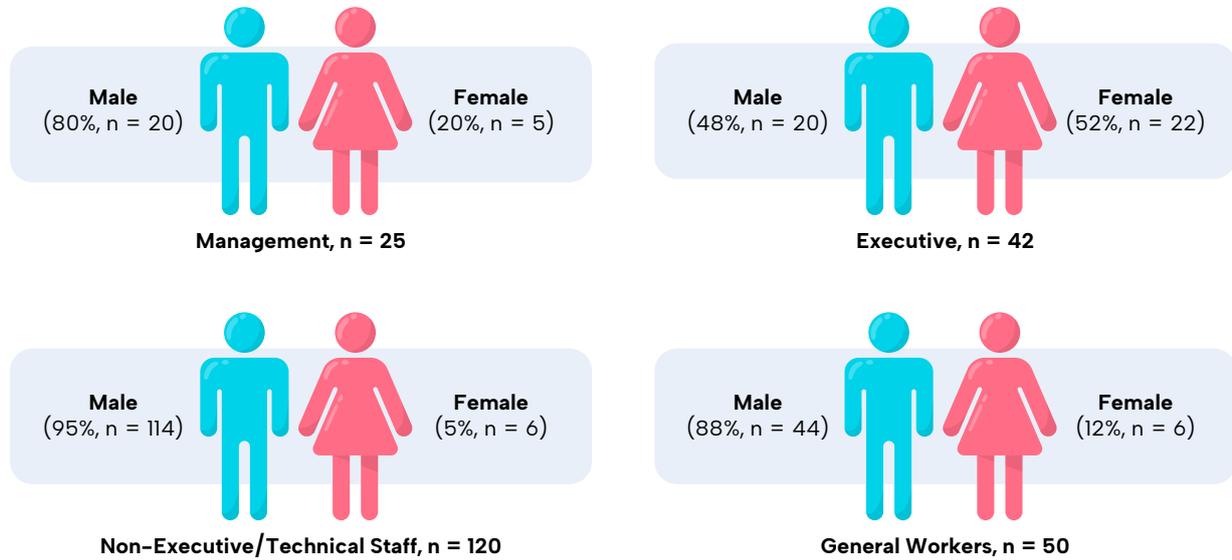


SUSTAINABILITY STATEMENT (CONT'D)

Diversity by Employee Category

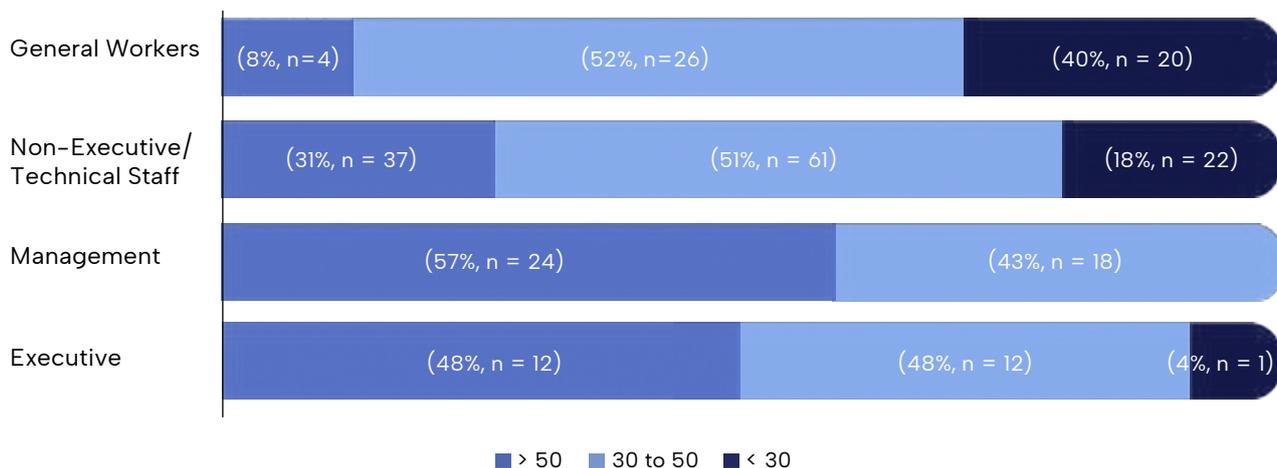
No. of Total Employees, n = 237

Diversity by Employee Category - Gender (%)



Diversity by Employee Category - Age (%)

No. of Total Employees, n = 237



SUSTAINABILITY STATEMENT (CONT'D)

10. Community Engagement & Investment

At the Group, we believe that meaningful community engagement is essential to creating long-lasting social value. By nurturing collaborative partnerships with our stakeholders, we strive to understand community needs and respond transparently and responsibly. Our commitment extends beyond providing high-quality products and services, we actively participate in initiatives that enhance local well-being and contribute positively to society. Through these sustained efforts, we build trust, strengthen relationships, and collectively drive social progress.

Our Performance

As part of the Group's commitment to environmental stewardship, climate action and community collaboration, Kawan participated in the "Plant to 1000 Trees" initiative led by JCI Ipoh. The project aims to increase green cover, strengthen biodiversity, and promote environmental awareness among schools, youth groups, community organisations, and corporate partners across Perak.

From April to December 2025, multiple tree-planting activities were carried out at public schools, forest reserves, commercial locations, and at Kawan's own factory premises. These sessions were implemented in partnership with the Perak Forestry Department, Rimba Tissue Culture Sdn. Bhd., local NGOs, and community volunteers. Through these collaborations, the initiative successfully planted 807 trees as of Dec 2025, moving towards the overall target of 1,000 trees.

The initiative is expected to deliver potential carbon sequestration benefits over time, in addition to broader biodiversity and community co-benefits. Based on indicative literature values for selected tree species such as Meranti, Merbau and Eucalyptus, the estimated sequestration potential reported by JCI Ipoh is as follows:

- Indicative short-term sequestration potential (first 2–3 years): approximately 190–513 tonnes CO
- Indicative long-term sequestration potential (over an estimated 20–30-year growth period): up to approximately 3,420 tonnes CO

These estimates are projections based on general growth assumptions and are subject to uncertainty, including tree survival rates, site conditions, land-use continuity, and long-term maintenance practices.

The tree-planting initiative is not used to offset the Group's Scope 1, Scope 2, or Scope 3 greenhouse gas emissions, and the Group does not claim carbon credits or emissions reductions from this programme. The activity is reported as a voluntary environmental initiative contributing to nature-based solutions and long-term environmental stewardship.

Kawan supported this initiative through volunteer participation, on-ground engagement, and hosting tree-planting activities at the Group's premises. The programme aligns with the Group's Environmental Pillar commitments and contributes directly to the United Nations Sustainable Development Goals, particularly SDG 13 (Climate Action) and SDG 15 (Life on Land).

The Group remains committed to supporting environmental programmes that contribute to sustainable ecosystems and strengthen community resilience, while encouraging broader stakeholder participation in climate-related efforts.

SUSTAINABILITY STATEMENT (CONT'D)



In FYE 2025, the Group reaffirmed its commitment to community development by investing RM 85,893.50 across a range of impactful and diverse initiatives. These contributions supported multiple areas of community welfare, including:

- Health and Wellness
- Education Support
- Arts and Culture
- Environmental Conservation
- Community Support and Social Welfare

These initiatives reflect our holistic approach to CSR, prioritising social upliftment, employee involvement, and long-term community resilience. As we progress through FYE 2025, the Group remains committed to expanding its outreach and increasing employee participation to further strengthen our contributions to the communities we serve.

SUSTAINABILITY STATEMENT (CONT'D)

The table below presents the Group's community contributions for FYE 2025.

	FYE 2025	FYE 2024
Total community investment (external beneficiaries), RM	85,893.50	85,960.00
Total number of beneficiaries of the investment in the communities	659	300

Below are some photos highlighting CSR activities of the year:



Blood Donation



Rapid Regeneration
Program - Environmental Event



Donation to Orphanage
Yayasan Amanah An-Nur Maisarah



Earth Day - Eco-depot Day



520 Charity for Orphanages



Blood Donation

SUSTAINABILITY STATEMENT (CONT'D)

Below are some photos highlighting CSR activities of the year:



Donation to NCSM-CARITAS



Sponsorship to National
Chemical Engineering Exposure Camp



GHG Management Training



Waste Management Training



Sponsorship to Career Fair and Talk at
UM Chemical Engineering Faculty



Sponsorship to USM-Innovation, Design,
Engineering and Arts Fair 2025

SUSTAINABILITY STATEMENT (CONT'D)



Employee Education Grant



Donation to Pertubuhan
Kebajikan Kanak-Kanak Cacat



"Plant to 1000" Environmental Initiative



Responsible Environmental Stewardship

Being a part of good environmental steward, the Group remains proactive in reducing its environmental impacts. Our key climate initiatives are:

- Energy Efficiency Measures:
 - Improved energy optimisation across operations.
 - Monitoring of electricity intensity and equipment efficiency.
- Resource Efficiency:
 - Adoption of circular practices including scrap recycling and material optimisation.
 - Responsible waste segregation and scheduled waste management.
- Environmental Compliance:
 - Full alignment with DOE and DOSH regulations.
 - No environmental non-compliance cases were recorded during FYE 2025.
- Climate Monitoring:
 - Introduction of preliminary climate-related tracking GHG emissions.
 - Development of baseline data collection for Scope 1 and Scope 2 emissions

SUSTAINABILITY STATEMENT (CONT'D)

II. Water Management

We recognise that excessive water consumption poses significant risks to vital water resources and a decline in water quality. Such impacts can adversely affect ecosystems and surrounding communities. Accordingly, we are committed to closely monitoring and minimising our water usage to mitigate these risks. Through proactive water conservation measures and increased awareness, we aim to safeguard water resources and support the long-term health and sustainability of the ecosystems and communities that depend on them.

Our Performance

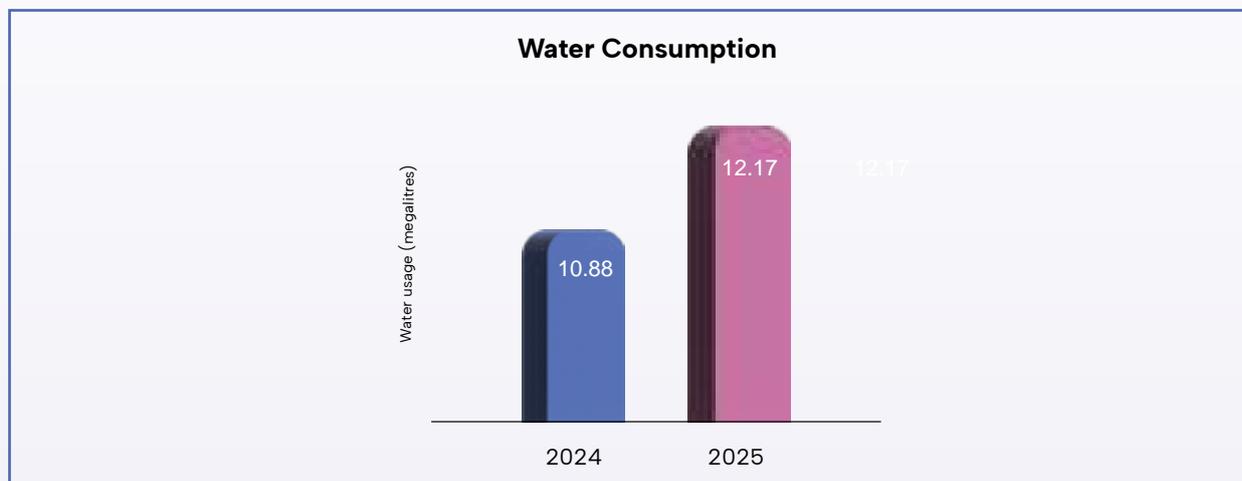
The Group's water consumption data was compiled based on monthly utility billing records and on-site water meter readings across operational facilities. Water usage includes domestic consumption, process-related usage, and testing activities within the Group's operational boundary.

The Group consumed a total of 12.17 megalitres of water during FYE 2025. While overall water usage remains relatively low compared to industry benchmarks, we recognise that the conservation of this essential resource remains critical. We demonstrate our commitment through practical initiatives, including rainwater harvesting and the use of recycled water for instrument testing, thereby contributing meaningfully to water preservation while protecting local ecosystems and surrounding communities.

In FYE 2025, Kawan consumed a total water consumption of 12.17 megalitres averaging 1.014 megalitres per month. This marks an increment of 11.9%, reflecting the natural increase from expanded reporting scope and operational growth.

Employee Category	FYE 2025	FYE 2024
Total volume of water used (megalitres)	12.17	10.88

The chart below shows the Group's water consumption.



SUSTAINABILITY STATEMENT

(CONT'D)

12. Energy Management

Kawan is committed to seizing opportunities that advance our transition to a low-carbon economy and reduce our carbon footprint through the implementation of sustainable practices. Recognising the role of our energy consumption in contributing to climate change, we are focused on reinforcing our position as advocates for sustainability and integrating these principles into all aspects of our operations.

Our Performance

Our commitment to environmental sustainability drives us to continuously explore ways to minimise our business impact through sustainable operational practices that benefit all stakeholders. Through initiatives such as energy-saving awareness campaigns, we demonstrate our ongoing commitment to sustainability. Looking ahead, we aim to implement even more efficient strategies to further reduce our energy consumption and make a positive contribution to environmental sustainability.

In previous years, we have reported only the electricity consumption and its equivalent energy consumption. This year, we have expanded the data comprehensiveness by adding in the remaining fuel types that have supported our operation, including petrol, diesel, and liquefied petroleum gas (LPG). The respective usage of each fuel type and electricity is tabulated as the table below, followed by the energy consumption contributed by each type of energy.

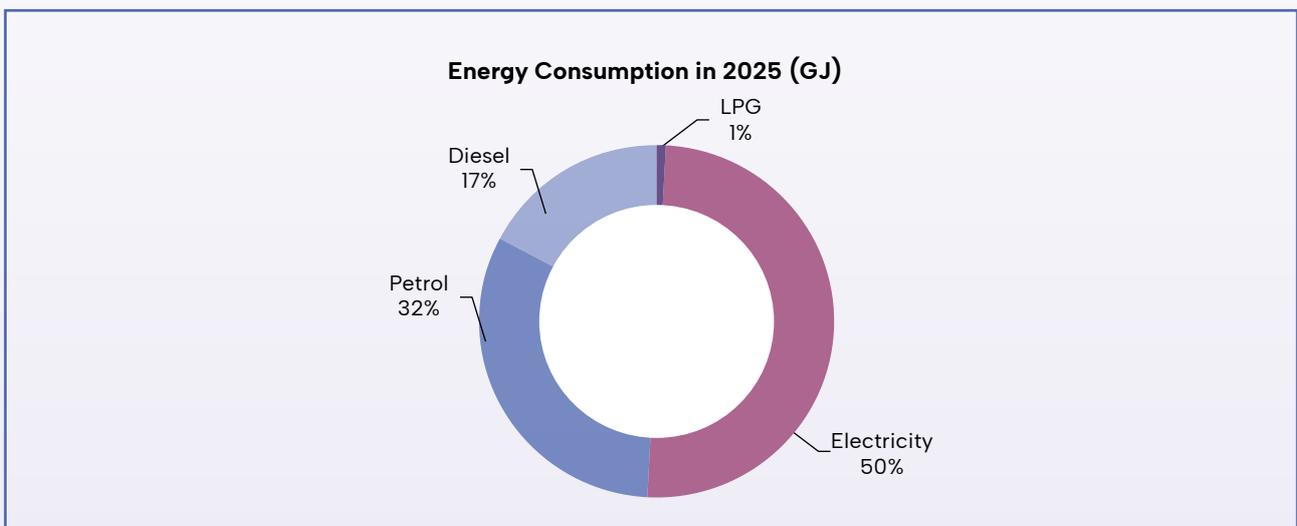
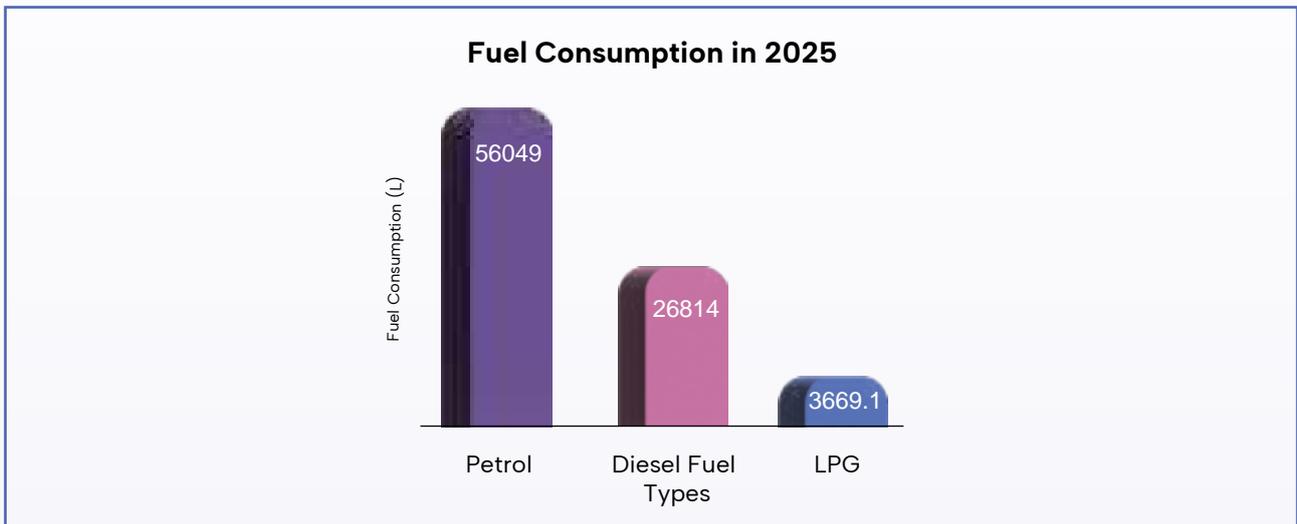
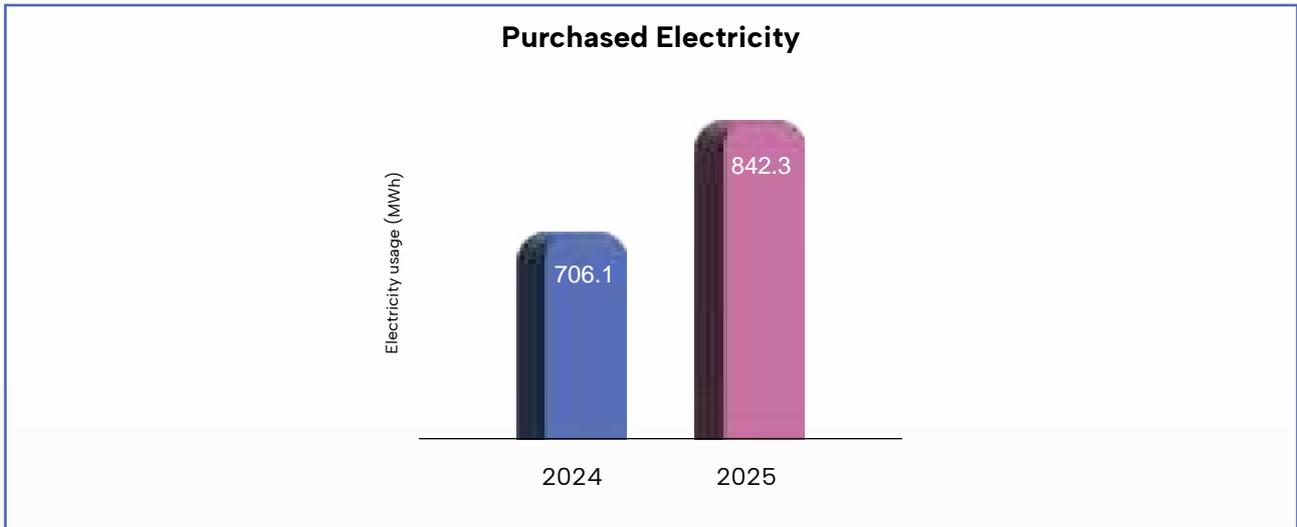
Electricity / Fuel consumption	FYE 2025	FYE 2024
Electricity consumption (MWh)	842.3	706.1
Petrol (L)	56,049.0	Data not available for the reporting period
Diesel (L)	26,814.0	
Liquefied Petroleum Gas (L)	3,669.1	

Total energy consumption (GJ)	FYE 2025	FYE 2024
Total energy consumption	6,105.78	2,542.09
Electricity consumption	3,032.26	2,542.09
Petrol consumption	1,952.72	Data not available for the reporting period
Diesel consumption	1,026.72	
Liquefied Petroleum Gas consumption	94.08	

Electricity remains as our main source of energy, contributing up to 50% of total energy consumption, followed by petrol (32%), diesel (17%) and liquefied petroleum gas (LPG) (1%). In FYE 2025, Kawan operations consumed 842.3 MWh of electricity. A 19.3% increment of electricity usage as compared to FYE 2024 was due to the expanded reporting scope and higher production activities in the Group, as reflected by the increase of revenue in FYE 2025.

Meanwhile, FYE 2025 marks the first year where petrol, diesel and LPG usage are consolidated and reported. Petrol is used for the mobile combustion due to company vehicles, while diesel continues to play a role in specific operational functions, particularly for warehousing activities, furnace operation. Finally, LPG is used for pre-heating purpose.

SUSTAINABILITY STATEMENT (CONT'D)



SUSTAINABILITY STATEMENT (CONT'D)

13. Emissions management

The Group's greenhouse gas ("GHG") accounting adopts the equity share approach, under which emissions are reported in proportion to the Group's equity ownership in each operation. This approach, in accordance with the GHG Protocol, supports consistent, accurate, and transparent measurement and reporting of the Group's emissions.

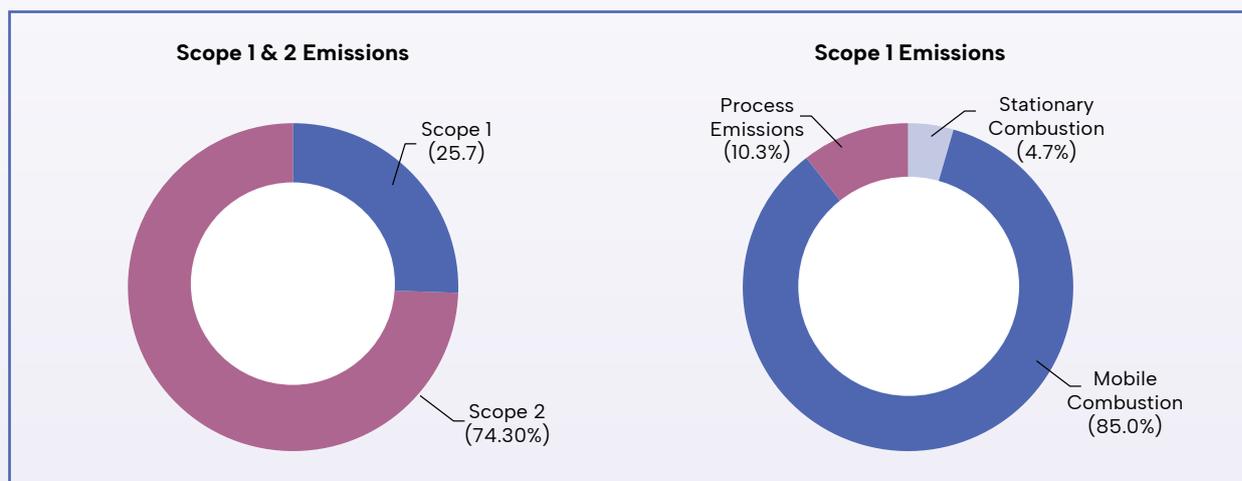
Following the introduction of carbon tax in Malaysia, GHG emissions will be a significant material that poses regulatory, financial, and reputational risks to the business. Implementing effective emissions management mitigates these risks, enhances access to green financing opportunities, and reinforces stakeholder confidence in our sustainability commitments.

Our Performance

Following the review of materiality assessment in 2024, we now commit to disclose our first annual GHG emissions in support of the goal of Malaysia in achieving the status of net zero by 2050. We applied the GHG Protocol Corporate Standard and ISO14064 to measure and manage emissions across Scope 1 and Scope 2 categories as a beginning. Nonetheless, for the current reporting year, we have omitted the reporting of fugitive emissions for this cycle as we are still in the process of collecting the necessary air-conditioning data.

Indicator	FYE 2025
Scope 1 emissions (tCO ₂ -e)	224.10
Stationary Combustion	10.63
Mobile Combustion	190.42
Process Emissions	23.05
Scope 2 emissions (tCO ₂ -e)	649.41
Total Scope 1 & 2 (tCO ₂ -e)	873.51

Based on the results above, Scope 1 emissions contributed to 25.7% (224.10 tCO₂-e) of the Group's emissions while Scope 2 contributed to 74.3% (649.41 tCO₂-e) of the total emissions reported.



Scope 1 Emissions Overview – Direct Emissions

85% of the Scope 1 emissions were contributed by mobile combustion, which comprises of company vehicles usage as well as forklift usage. Meanwhile, we utilize GHGs, such as carbon dioxide and acetylene gas in the process of welding and cutting of metal, resulting in process emissions which contributed to 10.3%. Stationary combustions, which made up of liquefied petroleum gases (LPG) contributed only 4.7%. Fugitive emissions were not reported this year, as the data collection is still ongoing and is expected to be fully ready by the next FYE.

SUSTAINABILITY STATEMENT (CONT'D)

Scope 2 Emissions Overview – Indirect Emissions (Electricity)

Kawan consumed a total of 842.3 MWh of electricity which resulted in a total emission of 649.41 tCO₂-e relating to Scope 2 for its operations from 1 November 2024 to 31 October 2025. On average, Kawan operations consumed 70,191.25 kWh per month, contributing to 54.12 tCO₂-e per month. A 19.3% increment of electricity usage as compared to FYE 2024 was due to higher production activities in the Group, as reflected by the increase of revenue in FYE 2025.

GHG Emissions Measurement Methodology and Emission Factors

The Group's greenhouse gas ("GHG") emissions were calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

Emissions were calculated using the activity-based method, whereby consumption data was multiplied by corresponding emission factors to derive total emissions expressed in tonnes of carbon dioxide equivalent (tCO₂-e). Activity data was collected from fuel consumption records, electricity utility bills, and internal operational monitoring systems. The emission factors for fuel consumptions and Global Warming Potential ("GWP") values are retrieved from the Intergovernmental Panel on Climate Change ("IPCC") database while the emission factor for electricity consumption is retrieved from Grid Emission Factor (GEF) in Malaysia for the latest reported year, which is 2022.

FYE 2025 represents the Group's first formal baseline year for structured GHG emissions reporting. While reasonable efforts were undertaken to ensure data accuracy and completeness, the Group acknowledges potential limitations related to data availability and estimation assumptions. The Group remains committed to progressively enhancing emissions data coverage, accuracy, and verification processes in future reporting periods.

14. Waste management

As we progress in our sustainability reporting journey, we have strengthened our data collection, monitoring, and tracking systems to support accurate and transparent disclosures for FYE 2025. In recognition of the significant environmental impacts associated with climate change and our operational activities, we are committed to enhancing the quality and reliability of our waste and emissions data. Notably, waste management data has been successfully collected in FYE 2025, marking an important milestone in improving our environmental disclosures.

Our Performance

FYE 2025 represents the Group's first formal baseline year for structured waste data reporting following the implementation of improved waste tracking and monitoring procedures. Historical waste data for prior reporting periods was not consistently recorded using standardised measurement methods.

The total waste generated in FYE 2025 was 100.17 tonnes, with 98.3% being non-hazardous waste while 1.7% are scheduled waste. Among these 100.17 tonnes of waste, 75.0% was directed to landfill for disposal, while remaining 25.0% was diverted from disposal attributed to recycling initiatives of scrap metal.

Waste data for FYE 2025 was compiled based on licensed contractor disposal records, scheduled waste manifests, and internal site tracking logs. While this provides a reasonable representation of waste generation, the Group acknowledges that further improvements in data collection accuracy and consistency are required.

The Group is committed to strengthening waste management data governance by introducing standardised measurement procedures, improved documentation controls, and periodic internal reviews. Comparative year-on-year waste performance analysis will be progressively introduced from FYE 2026 onwards.

SUSTAINABILITY STATEMENT (CONT'D)

Water Management		FYE 2025
Total waste generated (tonnes)		100.17
Non-hazardous waste		98.45
Scheduled waste		1.72
SW409 - Disposed Containers, Bags or Equipment Contaminated with Scheduled Wastes		0.08
SW410 - Rags, Plastics, Paper, or Absorbents Contaminated with Scheduled Wastes		0.94
SW305 - Spent lubricating oil		0.70

Water Management		FYE 2025
Total waste generated (tonnes)		100.17
Waste directed to disposal (tonnes)		75.11
Waste diverted from disposal (tonnes)		25.06



SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Date & Time: 2026-01-29_15:10:52

Kawan Renergy Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	Total energy consumption	GJ	6105.78	Reduce energy consumption intensity by 5% by year 2028	No assurance	Internal verification conducted
Water Management	Total volume of water used	Megalitres	12.17	Reduce water used intensity by 5% by year 2028	No assurance	Internal verification conducted
Waste Management	Total waste generated	Tonnes	10017	None	No assurance	Internal verification conducted
Waste Management	Total waste directed to disposal	Tonnes	7511	Reduce waste directed to disposal to 70% by year 2028	No assurance	Internal verification conducted
Waste Management	Total waste diverted from disposal	Tonnes	25.06	Increase waste diverted from disposal to 30% by year 2028	No assurance	Internal verification conducted
Emissions Management	Scope 1 emissions	tCO ₂ -e	224.10	Reduce emission intensity by 5% by year 2028	No assurance	Internal verification conducted
Emissions Management	Scope 2 emissions	tCO ₂ -e	649.41	Reduce emission intensity by 5% by year 2028	No assurance	Internal verification conducted
Community Engagement & Investment	Total community investment	MYR	85,893.50	100,000.00	No assurance	Internal verification conducted
Community Engagement & Investment	Total number of beneficiaries of the investment in the communities	Number	659	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - management under 30	Percentage	4	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - management between 30 to 50	Percentage	48	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - management above 50	Percentage	48	None	No assurance	Internal verification conducted

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Kawan Reenergy Berhad
BMLR Transition Period

Date & Time: 2026-01-29_15:10:52

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Age group by employee category - executive under 30	Percentage	43	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - executive between 30 to 50	Percentage	57	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - executive above 50	Percentage	0	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - non-executive/technical staff under 30	Percentage	18	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - non-executive/technical staff between 30 to 50	Percentage	51	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - non-executive/technical staff above 50	Percentage	31	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - general workers under 30	Percentage	40	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - general workers between 30 to 50	Percentage	52	None	No assurance	Internal verification conducted
Diversity	Age group by employee category - general workers above 50	Percentage	8	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - management male	Percentage	80	None	No assurance	Internal verification conducted

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Date & Time: 2026-01-29_15:10:52

Kawan Reenergy Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Gender group by employee category - management female	Percentage	20	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - executive male	Percentage	48	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - executive female	Percentage	52	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - non-executive/technical staff male	Percentage	95	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - non-executive/technical staff female	Percentage	5	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - general workers male	Percentage	88	None	No assurance	Internal verification conducted
Diversity	Gender group by employee category - general workers female	Percentage	12	None	No assurance	Internal verification conducted
Diversity	Gender group by directors - male	Percentage	71	None	No assurance	Internal verification conducted
Diversity	Gender group by directors - female	Percentage	29	None	No assurance	Internal verification conducted
Diversity	Age group by directors - under 30	Percentage	0	None	No assurance	Internal verification conducted
Diversity	Age group by directors - between 30 to 50	Percentage	43	None	No assurance	Internal verification conducted

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Date & Time: 2026-01-29_15:10:52

Kawan Renergy Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Age group by directors - above 50	Percentage	57	None	No assurance	Internal verification conducted
Occupational Health & Safety	Employees trained on health and safety standards	Number	102	> 100	No assurance	Internal verification conducted
Occupational Health & Safety	Work-related fatalities	Number	0	0	Internal	
Occupational Health & Safety	Lost time incident rate (LTIR) per 200,000 man-hours worked	Rate	0.6	< 1.0	Internal	
Labour Practices & Standards	Total hours of training by employee category - management	Hours	210	Average training hours > 10 hours per employee across the Group	No assurance	Internal verification conducted
Labour Practices & Standards	Total hours of training by employee category - executive	Hours	1347	Average training hours > 10 hours per employee across the Group	No assurance	Internal verification conducted
Labour Practices & Standards	Total hours of training by employee category - non-executive/technical staff	Hours	757	Average training hours > 10 hours per employee across the Group	No assurance	Internal verification conducted
Labour Practices & Standards	Total hours of training by employee category - general workers	Hours	22	Average training hours > 10 hours per employee across the Group	No assurance	Internal verification conducted
Labour Practices & Standards	Total number of employee turnover by employee category - management	Number	2	None	No assurance	Internal verification conducted
Labour Practices & Standards	Total number of employee turnover by employee category - executive	Number	13	None	No assurance	Internal verification conducted
Labour Practices & Standards	Total number of employee turnover by employee category - non-executive/technical staff	Number	2	None	No assurance	Internal verification conducted

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SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Date & Time: 2026-01-29_15:10:52

Kawan Renergy Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Practices & Standards	Total number of employee turnover by employee category - general workers	Number	0	None	No assurance	Internal verification conducted
Labour Practices & Standards	Employees that are contractors or temporary staffs	Percentage	13	None	No assurance	Internal verification conducted
Labour Practices & Standards	Number of substantiated complaints concerning human rights violations	Number	0	0	No assurance	Internal verification conducted
Financial & Economic Performance	Economic value generated (e.g., revenue, other income, etc.)	MYR (in million)	139,261	Increase by 5-10%	External (Reasonable)	
Product Quality & Customer Satisfaction	Customer survey satisfaction score	Number	131	> 12	Internal	
Sustainable Operations & Regulatory Compliance	Regulatory compliances-penalty from authorities (cases)	Number	0	0	No assurance	Internal verification conducted
Anti-Bribery & Corruption	Confirmed corruption incidents	Number	0	0	No assurance	Internal verification conducted
Anti-Bribery & Corruption	Employees trained in anti-corruption training - management	Percentage	100	100	No assurance	Internal verification conducted
Anti-Bribery & Corruption	Employees trained in anti-corruption training - executive	Percentage	100	100	No assurance	Internal verification conducted
Anti-Bribery & Corruption	Employees trained in anti-corruption training - non-executive/technical staff	Percentage	100	100	No assurance	Internal verification conducted

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE

Date & Time: 2026-01-29_15:10:52

Kawan Reenergy Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-Bribery & Corruption	Employees trained in anti-corruption training - general workers	Percentage	100	100	No assurance	Internal verification conducted
Anti-Bribery & Corruption	Operations assessed for corruption-related risks	Percentage	100	100	No assurance	Internal verification conducted
Cybersecurity & Data Protection	Substantiated complaints concerning breaches in customer privacy or data loss	Number	0	0	No assurance	Internal verification conducted
Sustainable Supply Chain Management	Proportion of spending on local suppliers	Percentage	75	> 70	No assurance	Internal verification conducted

SUSTAINABILITY STATEMENT (CONT'D)

LOOKING FORWARD

As the Group continues to strengthen its position as a trusted leader in the industry, we remain committed to innovation, operational excellence, and the delivery of high-quality products that exceed customer expectations. Moving into the future, we aim to leverage advanced technologies, adopt sustainable operational practices, and cultivate strategic partnerships that drive progress, create long-term value, and support the evolving needs of our sector. Our commitment to excellence enables us to stay ahead of market developments while responding to customer requirements with agility and precision.

Integrity and transparency will continue to underpin all aspects of our business. This Sustainability Statement reflects our ongoing efforts to communicate openly about our sustainability performance and our engagement with stakeholders. We have established and will continue to enforce strong governance measures, including our Anti-Bribery and Corruption Policy and Whistleblowing Policy to prevent unethical conduct such as fraud, bribery, corruption, money laundering, and insider trading.

In line with the Group's commitment to continuous improvement and alignment with evolving global sustainability standards, Kawan will continue to strengthen future compliance with Bursa Malaysia Securities Berhad- ACE Market requirements, IFRS Sustainability Disclosure Standards (S1 and S2) and the United Nations Sustainable Development Goals ("UN SDGs").

Climate & Environmental Commitments

The Group will implement a phased Climate Transition Plan for the period 2026 to 2030, focusing on improving energy efficiency, reducing emissions intensity, strengthening regulatory compliance, and enhancing environmental data transparency. Preliminary climate scenario assessments will be progressively enhanced with quantitative financial analysis to strengthen climate resilience planning.

Key initiatives under the Climate Transition Plan include:

- Progressive improvement in energy efficiency across fabrication and office operations.
- Continuous optimisation of fuel usage for mobile equipment and logistics.
- Strengthening environmental compliance monitoring and reporting.
- Evaluation of renewable energy adoption opportunities where feasible; and
- Gradual development of Scope 3 emissions screening across the supply chain.

The Climate Transition Plan will be reviewed annually by the Board to ensure alignment with regulatory developments, national climate commitments, and business strategy.

Governance, Risk & Financial Integration

Sustainability-related risks are progressively integrated into the Group's enterprise risk management framework and financial planning processes to strengthen long term resilience and long-term resilience. The Group will progressively enhance disclosure on sustainability-linked capital and operating expenditure to ensure stronger financial linkage in line with IFRS S1 and S2 requirements.

For FYE 2025, the Group has also conducted a climate-related risk and opportunities assessment to guide its way forward.

SUSTAINABILITY STATEMENT

(CONT'D)

Climate-Related Risks

The Group's climate strategy focuses on strengthening resilience against climate-related risks while leveraging opportunities that support long-term value creation. As an engineering solutions provider, our strategy emphasises responsible operations, low-emission processes, resource efficiency, and alignment with national low-carbon aspirations.

Physical risks	<p>Due to the nature of our operations (non-process, low chemical usage), the Group faces minimal direct physical climate risks, but recognises potential indirect impacts such as:</p> <ul style="list-style-type: none"> • Business disruption from extreme weather affecting supply chains and logistics. • Increased material or transportation costs caused by weather-related impacts.
Transition risks	<ul style="list-style-type: none"> • Regulatory changes (carbon taxes, emissions reporting requirements, DOE compliance strengthening). • Market expectations for low carbon engineered solutions. • Customer preference shifts toward energy-efficient and environmentally responsible vendors. • Cost implications from future fuel, energy, or carbon pricing mechanisms.

Climate-Related Opportunities

Climate change also presents strategic opportunities for the Group:

- Growing demand for energy-efficient industrial solutions and systems.
- Opportunities to support customers' decarbonisation through cleaner engineering technologies.
- Increased efficiency and cost savings through energy optimisation and waste reduction practices.
- Strengthening stakeholder confidence through enhanced environmental compliance.

Social & Workforce Development

The Group remains committed to strengthening occupational safety, employee development, diversity, and well-being through improved safety performance targets, continuous training investment, and inclusive workplace practices.

To strengthen performance accountability and forward-looking transparency, the Group has established the following medium-term sustainability targets:

Area	Target
GHG Emissions	Reduce combined Scope 1 & 2 greenhouse emissions intensity by 5% by 2028, using FYE 2025 as the baseline year.
Energy	Reduce electricity consumption intensity by at least 5% by 2028, using FYE 2025 electricity consumption / revenue as baseline.
Safety	Maintain LTIR below 1.0 per 200,000 man-hours worked annually.
Training	Maintain an average minimum of 10 training hours per employee per financial year.

These targets will be reviewed annually to ensure alignment with business growth and regulatory expectations.

SUSTAINABILITY STATEMENT (CONT'D)

Supply Chain & Stakeholder Engagement

Stakeholder feedback mechanisms will be strengthened to ensure measurable outcomes and management responses are transparently disclosed.

Feedback obtained from key stakeholders during the financial year has been incorporated into continuous improvement initiatives.

Key outcomes include:

- Customer feedback on delivery timelines led to strengthened project scheduling and monitoring controls.
- Employee engagement feedback contributed to enhancements in training programmes, welfare benefits, and workplace safety initiatives; and
- Supplier engagement resulted in more structured vendor assessment and ESG screening processes.

The Group remains committed to strengthening stakeholder inclusivity and responsiveness in line with the AA1000 Accountability Principles.

Data Quality & Assurance

The sustainability data disclosed in this Sustainability Statement has been subjected to internal verification and management-level review prior to publication. Material environmental, social, and governance (ESG) matters were validated through a cross-functional verification process. In addition, selected material matters have undergone internal assurance and, where applicable, external assurance.

Recognising the importance of reliable and credible data, the Group is in the process of expanding the scope of its internal assurance to cover additional areas, including emissions management. Through this structured enhancement approach, Kawan is strengthening its long-term resilience, regulatory readiness, and ability to deliver sustained value to stakeholders.



SUSTAINABILITY STATEMENT

(CONT'D)

The assurance level for each material matter is summarised in the table below.

No	Material Matters	Subject Matter(s) Covered	Assurance
1	Financial & Economic Performance	1.1 Direct economic value generated and distributed.	External Assurance
2	Occupational Health & Safety	2.1 Number of work-related fatalities. 2.2 Lost Time Incident Rate (LTIR). 2.3 Number of employees trained on Health & Safety.	Internal Assurance Internal Assurance Internal Verification
3	Anti-Bribery & Corruption	3.1 % of employees trained on anti-corruption (by category). 3.2 % of operations assessed for corruption-related risk. 3.3 Confirmed incidents of corruption and correction actions.	Internal Verification Internal Verification Internal Verification
4	Cybersecurity & Data Protection	4.1 Number of substantiated complaints concerning breaches of customer privacy or data loss.	Internal Verification
5	Labour Practices & Standards	5.1 Total hours training (by category). 5.2 Employee turnover (by category). 5.3 % of employee (contractors/temporary staff). 5.4 Number of substantiated human right violation.	Internal Verification Internal Verification Internal Verification Internal Verification
6	Diversity	6.1 Employees diversity – age and gender (by category).	Internal Verification
7	Community Engagement & Investment	7.1 Amount invested. 7.2 Number of beneficiaries of the investment.	Internal Verification Internal Verification
8	Sustainable Supply Chain Management	8.1 % of spending on local suppliers.	Internal Verification
9	Energy Management	9.1 Total energy consumption.	Internal Verification
10	Water Management	10.1 Total volume water of water used.	Internal Verification
11	Waste Management	11.1 Total waste generated. 11.2 Total waste directed to disposal. 11.3 Total waste diverted from disposal.	Internal Verification Internal Verification Internal Verification
12	Emissions Management	12.1 Scope 1 emissions (tCO ₂ -e). 12.2 Scope 2 emissions (tCO ₂ -e).	Internal Verification Internal Verification
13	Product Quality & Customer Satisfaction	13.1 Customer survey satisfaction score.	Internal Assurance
14	Sustainable Operations & Regulatory Compliance	14.1 Regulatory compliances- penalty from authorities (cases).	Internal Verification

SUSTAINABILITY STATEMENT (CONT'D)

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGS”) SCORECARD

SDG Goals	Targets	Achievements
 SDG 3 Good Health & Well Being	3.9 Reduce deaths and illness from hazardous exposure	<ul style="list-style-type: none"> • Zero fatalities, LTIR at 0.6 and 1,062 hours of safety training conducted. • Implemented ISO 45001. • Conducted health screening programmes.
 SDG 4 Quality Education	4.4 Increase relevant skills for employees	<ul style="list-style-type: none"> • 2,336 total training hours for all employees.
 SDG 5 Gender Equality	5.1 End discrimination against all women 5.2 Ensure women’s participation in leadership	<ul style="list-style-type: none"> • 28.6% females in the board. 20% females in the management and 52% females at executive level. • Diverse leadership representation. • Providing fair employment, equal opportunities, living-wage compliant remuneration
 SDG 6 Clean Water & Sanitation	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals	<ul style="list-style-type: none"> • Zero non-compliance cases with regards to effluent and water-use regulations.
 SDG 7 Affordable and Clean Energy	7.1 Ensure universal access to affordable, reliable, and modern energy services. 7.3 Double the global rate of improvement in energy efficiency	<ul style="list-style-type: none"> • Promote use of renewable energy technologies. • Recommend energy-efficient solutions to clients.
 SDG 8 Decent Work & Economic Growth	8.1 Sustain per capita economic growth. 8.3 Support SMEs and local enterprises 8.8 Protect labour rights and safe working environments	<ul style="list-style-type: none"> • Strong financial performance, tax contribution and retained earning support inclusive economic growth and corporate sustainability. • 75% procurement from local suppliers. • Zero fatalities, LTIR at 0.6 and zero human rights violation complaint.
 SDG 9 Industry, Innovation, and Infrastructure	9.5 Enhance scientific research, upgrade the technological capabilities	<ul style="list-style-type: none"> • ASME Certification. • R&D and continuous improvement. • ISO 9001 / 14001 / 45001.
 SDG 10 Reducing Inequality	10.2 Empower and promote the social, economic, and political inclusion.	<ul style="list-style-type: none"> • Workforce diversity due to inclusive and equitable hiring. • Equal opportunities for all individuals from different walks of life with an employment policy of no discrimination.
 SDG 12 Responsible Consumption & Production	12.5 Substantially reduce waste generation	<ul style="list-style-type: none"> • 25.06 tonnes of scrap metal diverted from disposal through scrap recycling programme. • Implementation of recycling and circular practices to encourage responsible materials usage.

SUSTAINABILITY STATEMENT (CONT'D)

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGS”) SCORECARD

SDG Goals		Targets	Achievements
	SDG 13 Climate Action	13.2 Integrate climate change measures into planning. 13.3 Improve institutional capacity on climate change	<ul style="list-style-type: none"> • Implementation of emissions monitoring and energy efficiency projects. • Have quantified and reported Scope 1 and 2 emissions, which will serve as the basis for improvement from upcoming years. • Implementation of ISO 14001. • Zero non-compliance with regards to DOE regulations.
	SDG 16 Peace, Justice, and Strong Institutions	16.5 Substantially reduce corruption and bribery. 16.6 Develop effective, accountable, and transparent institutions	<ul style="list-style-type: none"> • Zero corruption incidents, anti-bribery training completion by all employees and all operations assessed for corruption-related risks. • Implementing whistleblowing policy and procedure.
	SDG 17 Partnership for the Goals	17.16 Enhance multi-stakeholder partnerships.	<ul style="list-style-type: none"> • Partnership with stakeholders, universities, and industry bodies (SEAD, iChemE-UM, iChemE-USM, JCI etc.).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Kawan Renergy Berhad (“Kawan” or “the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement for the financial year ended 31 October 2025 (“FYE 2025”), which has been prepared in compliance with Paragraph 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and has set out an overview on the application of the Principles of corporate governance as promulgated by the Malaysian Code on Corporate Governance issued in April 2021 (“MCCG”). This CG Overview Statement should be read in conjunction with the Company’s CG Report, which has set out details on how the Company has applied the Practices as set out in MCCG and the said documents are available on our website www.kawan-renergy.com.my as well as via announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company and its subsidiaries (“the Group”) firmly believe that good corporate governance is key towards the enhancement of shareholders value, the promotion of the Group’s long-term value as well as the building of a sustainable business. To this end, the Board is steadfast towards maintaining good corporate governance within the Group and to uphold the Principles of MCCG towards achieving the Intended Outcome as set out in MCCG.

This CG Overview Statement provides a summary of the corporate governance practices implemented by the Group during the financial year with reference to the three Principles of MCCG whilst explanations on how the Group has applied the Practices promoted by MCCG are disclosed in the CG Report. Where there is a departure from a Practice, explanations for the departure are provided in the CG Report with disclosure on the applicable alternative practice which the Group has adopted.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group acknowledges the vital role played by the Board in the stewardship of governance and the direction of the Group and ultimately the enhancement of long-term shareholders’ value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals, consideration of significant financial matters, review of the financial and operating performance of the Group and undertaking of major investments and capital expenditures.

I. BOARD RESPONSIBILITIES

The Company has an experienced Board that is primarily responsible for charting and reviewing the strategic direction of the Group and delegates the implementation of these directions to the management.

The Board also ensures the implementation of appropriate risk management and internal control systems, including financial, operational and compliance to safeguard the shareholders’ interest and the Group’s assets.

Board Charter

The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter on 3 April 2024 (available at the Company’s website: www.kawan-renergy.com.my).

The Board Charter sets out the function, authority, roles and responsibilities of the Board and its Board Committees, the role of the Chairman, Managing Director, Executive Director and Independent Non-Executive Directors, the requirements of Directors in carrying out their roles and discharging their duties towards the Company as well as the Board’s operating practices.

The Board has established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for Kawan Group’s affairs. The Board Committees are granted the authorities to act on each Board’s behalf in accordance with their respective Terms of Reference (“TOR”) and to report to the Board with the necessary recommendation.

The TOR of the Board Committees are available at the Company’s website: www.kawan-renergy.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Role of Chairman and Managing Director

The Group aims to ensure a balance of power and authority between the Chairman and Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasises and practices a division of responsibility between the Executive and Non-Executive Directors. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings is in compliance with good conduct and best practices. Whilst the Managing Director holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board. The Managing Director leads the Executive Directors in making and implementing day to- day operational business decisions, managing resources and risks in pursuing the corporate objectives of the Group. The Managing Director also brings material and other relevant matters to the Board, motivates employees, and drives change/ innovation and growth within the Group. The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process.

Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary, Internal Auditors and External Auditors for information needed to carry out their duties and responsibilities.

The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to meetings to allow the Directors to have sufficient time to peruse the papers for effective discussion and decision-making during meetings.

Governing Sustainability

The Board places great emphasis on corporate sustainability and undertakes full responsibility to embed Economic, Environment and Social factors into the Group's core strategy to deliver sustainable value and goods.

The Board keeps themselves abreast with and understand the sustainability issues relevant to the Group and takes into account the sustainability issues when reviewing the Group's strategies and business plans.

A report on the sustainability activities covering the sustainability strategies and priorities is set out in the Sustainability Statement in this Annual Report.

Anti-Bribery and Corruption Policy

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board has reviewed and adopted the Anti-Bribery and Corruption Policy on 3 April 2024 to provide guidance to the Group, all its personnel and business associates in order to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Management will carry out regular assessment on the policy to ensure that it continues to remain relevant, appropriate and effective. The Anti-Bribery and Corruption Policy is available on our website: www.kawan-renergy.com.my.

Code of Conduct Policy

The Company has reviewed and revised the Code of Conduct Policy ("the Code") on 3 April 2024 to reflects the objective of management to reinforce Group-wide ethical standards and to sustain a work environment that fosters integrity, caring, respect and professionalism. It is to serve the long-term interest of the Group by following the policy strictly to be lawful, highly principled and socially responsible in all business activities.

The Code is published on the Company's website : www.kawan-renergy.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Whistleblowing Policy

The Group has reviewed and revised the Whistleblowing Policy on 3 April 2024. This policy set out various channels for employees or stakeholders to report or disclose any genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements ("reportable misconduct"). The Whistleblowing Policy also provides protection for the party who reported allegations of such malpractices / misconducts / wrongdoings.

The Whistleblowing Policy is available on the Company's website: www.kawan-renergy.com.my.

Directors' Fit and Proper Policy

The Board adopted a Directors' Fit and Proper Policy on 3 April 2024 to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Group and its stakeholders. The Nomination Committee shall conduct the fit and proper assessment prior to the appointment of any candidates as a Director or making a recommendation for the re-election of an existing Director of the Group. The Directors' Fit and Proper Policy is available on the Company's website: www.kawan-renergy.com.my.

Conflict of Interest Policy

The Company has adopted a Conflict-of-Interest Policy on 3 April 2024 to provide guidance in identifying and manage any actual, potential and perceived conflict of interest situations as they arise. This policy applies to all Directors and employees of Kawan (including staff on contract terms, temporary staff, and those on internship).

The Directors are aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of such transactions at Board or general meetings convened to consider the matter. The Audit and Risk Management Committee reviews all related party transactions and conflict of interest situation that arose, persist or may arise within the Group that may challenge the Group's integrity.

The Conflict-of-Interest Policy is available on the Company's website: www.kawan-renergy.com.my.

II. BOARD COMPOSITION

As at the date of this report, the Board comprises seven (7) members, comprising of one (1) Independent Non-Executive Chairman, three (3) Executive Directors, and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This is in compliance with Paragraph 15.02(1) of the AMLR which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and have no family or business relationships with the Executive Directors and major shareholders which would interfere with the exercise of their independent judgment.

Diversity and Inclusion Policy

The Board is committed to maintaining a diverse workplace to recognise the benefits arising from board and employee diversity. Diversity includes, but not limited to age, gender, experience, education, background, expertise, origin, disability, race, nationality, and culture. Inclusion is a sense of belonging and behaviours to respond to the people in order to ensure that individual feel included, engaged and connected in the workplace. The Gender Diversity Policy was established on 3 April 2024 and is available on the Company's website : www.kawan-renergy.com.my

The Board now stands at two (2) female Directors, representing 28.57% of the Board's composition. The Company complies with the ACE Market Listing Requirements, including the appointment of at least one (1) female director, the maintenance of the required public shareholding spread, and adherence to Bursa Malaysia's corporate governance and disclosure standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Meeting and Time Commitment

During the financial year ended 31 October 2025, a total of eight (8) Board meetings were held and the details of each Director's attendance at the Board meetings are as follows: -

Name of Directors	Attendance	Percentage of Attendance (%)
Dato' Ir Mohd Yusof bin Mohd Isa (Appointed w.e.f 1 September 2025)	1/1	100
Lim Thou Lai	8/8	100
Chong Hon Choong	8/8	100
Heng Siew Aun	8/8	100
Loh Leng Sem	8/8	100
Woo Ah Kek (Appointed w.e.f 10 June 2025)	2/2	100
Wong Fee Sang (Appointed w.e.f 1 October 2025)	-	-
Ngoi Evon (Resigned w.e.f 14 September 2025)	7/7	100
Dr. Chuah Chaw Teo (Resigned w.e.f 3 June 2025)	4/4	100
Liew Li Ping (Resigned w.e.f 1 June 2025)	4/4	100

Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

Training programmes and seminars attended by the Directors of the Company during the financial year ended 31 October 2025 ("FYE 2025") are as follows: -

Directors	Seminars, Workshops, Conferences And Courses Attended	Date
Dato' Ir. Mohd Yusof bin Mohd Isa	Technical Talk on Metaverse Laboratory Pipe Jacking Technical Presentation	23 May 2025 17 February 2025
Heng Siew Aun	Registered Energy Manager Training Course - Type 2 Enhanced COI Framework (Updated Edition) Decoding Transactions & RPT Rules	27 - 31 October 2025 21 January 2025 16 January 2025
Loh Leng Sem	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	19 & 20 March 2025
Woo Ah Kek	Seminar Percukaian Kebangsaan 2025 MIA International Accountants Conference 2025 National Tax Conference 2025 Mandatory Accreditation Programme (MAP)	14 October 2025 26 & 27 May 2025 14 & 15 April 2025 20 & 21 January 2025
Wong Fee Sang	Kuala Lumpur In-House Community Congress 2025	11 September 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During FYE 2025, all Directors were updated on the recent developments in the areas of statutory and regulatory requirements from the briefing by the external auditors, the internal auditors and the Company Secretaries during the Board and Board Committees' meetings. The Directors will continue to undergo relevant training programmes to keep abreast with the latest developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as directors.

Board Independence

Independent Directors play a leading role in Board Committees. The four (4) Independent Directors namely, Dato' Ir. Mohd Yusof bin Mohd Isa, Ms. Wong Fee Sang, Mr. Loh Leng Sem, and Mr. Woo Ah Kek. The legal adviser had conducted an in-depth assessment and due diligence such as interview session, solvency and company searches and etc. before they were appointed to the Board.

As the Company was newly listed in 2024, none of the Independent Directors had served the Company for a cumulative term of 9 years. Notwithstanding that, the Board acknowledges the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of 9 years. In the event the Independent Director continues to serve the Board after serving for 9 years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process or the said Independent Director will be re-designated as Non- Independent Director.

Company Secretary

The Board is supported by a qualified secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act, 2016. As a practicing Company Secretary, she has also attended continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia.

She is also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the AMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory

requirements in relation to their duties and responsibilities. The Company Secretary also attend all Board and Board Committees meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are accurately minuted, recorded and kept.

The Board recognises that the Company Secretary suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretary in discharging her functions.

Nomination Committee

The Board has established a Nomination Committee ("NC") to assist the Board in their responsibilities in nomination new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis. Full details of the NC duties and responsibilities are stated in its TOR which is available on the Company's website: www.kawan-renergy.com.my.

The NC comprises solely Independent Non-Executive Directors as follows:-

1. Ms. Wong Fee Sang (Chairperson)
2. Mr. Loh Leng Sem
3. Mr. Woo Ah Kek

The NC is responsible for the Board evaluation process covering the Board, the Board Committees and individual Director, on an annual basis.

The Terms of Reference of the NC is available on the Company's website: www.kawan-renergy.com.my. The Company's Constitution provides that one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting. In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including: the Director's contributions to the Board and ability to continue to contribute productively; the Director's attendance at Board and committee meetings; the Director's compliance with the Code; the Director's skills, knowledge, expertise and experience, professionalism, reputation and competencies; whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service; and the independence of the Director.

There was three (3) NC meeting held during the FYE2025. The summary of the NC's activities for FY2025 are as follows:

- a) Carried out annual assessment of the following Committees:
 - i. Nomination Committee;
 - ii. Remuneration Committee;
 - iii. Independent Directors;
 - iv. Performance of MD and CFO;
 - v. Individual Director and the Board pertaining to the following:
 - Fit and Proper checklist for all directors;
 - Performance, knowledge, mix of skills, experience and gender diversity;
 - Training and development needs
- b) Reviewed the term of office and performance of the Audit and Risk Management Committee and each of its members.
- c) Assessed the effectiveness of the Board for the financial year ended 31 October 2025.
- d) Considered the re-election of the following Directors retiring in accordance with the Company's Constitution:
 - Ir. Heng Siew Aun
 - Dato' Ir. Mohd Yusof bin Mohd Isa
 - Mr. Woo Ah Kek
 - Ms. Wong Fee Sang

Based on the evaluation results performed by the NC and the Board on 29 December 2025, the Board was satisfied with the performance of each individual Director and its Board Committees. All Independent Non-Executive Directors have fulfilled the independence standards prescribed under the MMLR.

Remuneration Committee

The Remuneration Committee ("RC") comprises solely Independent Non-Executive Directors. The members of the RC are as follows:-

1. Mr. Loh Leng Sem (Chairperson)
2. Mr. Woo Ah Kek
3. Ms. Wong Fee Sang

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Individual Director do not participate in the discussion and decision making of his own remuneration to avoid conflict of interest.

The Terms of Reference of the RC is available on the Company's website: www.kawan-renergy.com.my.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Key Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the skill function, workload and responsibilities involved, and after giving due consideration to the Group's performance. Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The remuneration of Directors of the Company, including the remuneration for services rendered to the Group and the Company for the financial year ended 31 October 2025 are as follows:-

Category	Fees RM'000	Meeting Allowance RM'000	Salaries RM'000	Statutory Contributions RM'000	Benefit- in-kind RM'000	Total RM'000
Executive Directors						
Lim Thou Lai	-	-	627.0	77.5	8.8	713.3
Chong Hon Choong	-	-	224.8	28.3	12.2	265.3
Heng Siew Aun	-	-	314.0	40.5	13.3	367.8
Independent Directors						
Loh Leng Sem	40.0	4.5	-	-	-	44.5
Dato' Ir Mohd Yusof bin Mohd Isa (Appointed w.e.f 1 September 2025)	6.7	0.5	-	-	-	7.2
Woo Ah Kek (Appointed w.e.f 10 June 2025)	16.7	1.5	-	-	-	18.2
Wong Fee Sang (Appointed w.e.f 1 October 2025)	3.3	-	-	-	-	3.3
Ngoi Evon (Resigned w.e.f 14 September 2025)	35.0	4.0	-	-	-	39.0
Dr. Chuah Chaw Teo (Resigned w.e.f 3 June 2025)	23.3	2.5	-	-	-	25.8
Liew Li Ping (Resigned w.e.f 1 June 2025)	23.3	2.5	-	-	-	25.8

The remuneration of the Key Senior Management (including salary, bonus, benefit in kind and other emoluments) are disclosed in each successive bands of RM50,000.00 during the financial year ended 31 October 2025 as follows: -

Range of Remuneration (RM)	Number of Key Senior Management
50,001 – 100,000	1
100,001 – 150,000	1
150,001 – 200,000	2
200,001 – 250,000	0
250,001 – 300,000	1

There one (i) RC meeting held during FYE 2025 and summary of the RC's activities for FY2025 are as follows:

- Discussed Directors' fee for the period from the 2026 AGM until the next AGM.
- Discussed Directors' benefits payable for the period from the 2026 AGM until the next AGM.
- Discussed the quantum of salary increments and performance bonus for the Executive Directors and Key Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board is assisted by the Audit and Risk Management Committee ("ARMC") which comprises solely Independent Non-Executive Directors, to oversee the integrity of the financial statements, compliance with relevant accounting standards and the Group's risk management and internal controls.

The members of ARMC are as follows:

1. Mr. Woo Ah Kek (Chairperson)
2. Mr. Loh Leng Sem
3. Ms. Wong Fee Sang

The position of the ARMC Chairman is distinct and separate from that of the Board Chairman to enhance the objectivity of the Board's review of the ARMC's findings and recommendations. To-date, the Company has not appointed any former audit partner to be a member of the ARMC.

The composition of the ARMC is reviewed annually with the view to maintain an independent and effective ARMC, and in line with the principles of the MCCG. The ARMC members are expected to continuously update their knowledge and enhance their skills.

For further information on the ARMC with regards to its composition and activities, please refer to the ARMC Report in this Annual Report.

During the financial period, five (5) meetings were carried out with the attendance as follows:

Name of AC Members	Attendance	Percentage of Attendance (%)
Woo Ah Kek (Chairperson) (Appointed w.e.f. 10 June 2025)	2/2	100
Loh Leng Sem	5/5	100
Wong Fee Sang (Appointed w.e.f. 1 October 2025)	-	-

II. Suitability and Independence of External Auditors

The External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will have a separate session with the External Auditors without the presence of the Executive Directors and Management. The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC. The ARMC reviews the appointment, performance and fees of the External Auditors before recommending the reappointment of the External Auditors of the Company to the Board and shareholders for approval. The factors considered by the ARMC in its assessment include, adequacy of professionalism and experience of the staff, the resources, the fees and the independence of and the level of non-audit services rendered to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

III. Risk Management and Internal Control Framework

The Board affirms its responsibilities over the Group's system of risk management and internal control and acknowledges that such system is an integral part of effective management practice. To this end, the Board confirms that the Group has implemented an ongoing process of identifying, evaluating, monitoring and managing the significant risks faced by the Company and the Group under its risk management and internal control framework. Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report.

The Board has delegated the review on the adequacy and effectiveness of the Group's risk management and internal control framework to the ARMC.

IV. Internal Audit Function

The Group has outsourced the internal audit function to Talent League Sdn Bhd, an independent professional consulting firm to assist the ARMC in managing risk and establishing the internal control system and processes of the Group. The outsourced Internal Auditors report independently and directly to the ARMC in respect of the internal audit function of the Group.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

An outsourced independent professional service provider, Talent League Sdn Bhd was appointed to assist the ARMC and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the management.

Talent League Sdn Bhd deployed adequate staff for the internal audit for each of the cycle. The staff involved in the internal audit hold professional qualifications and/or university degrees and most of the members of the IIAM. They are free from any relationships or conflicts of interest which could impair their objectivity and independence in conducting internal audits for the Group.

The internal audits were conducted in accordance with an approved risk-based internal audit and were guided by the International Professional Practice Framework.

PRINCIPLEC – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance, and other material information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company's website at www.kawan-renergy.com.my.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders or stakeholders. The Board is accountable to shareholders as well as other stakeholders of the Company for the performances and operations of the Company. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

II. Conduct of General Meetings

The Annual General Meeting ("AGM") represents the principal forum for dialogue and interaction with shareholders. At the AGM, the Board presents the performance and progress of the Company and provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Company. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM.

As recommended by the MCCG, the notice of AGM will be sent to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business included in the notices of the AGM or Extraordinary General Meeting is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be uploaded on the Company's website within thirty (30) business days from the date of the general meeting.

The AGM will be conducted physically. Notice for the upcoming AGM is to be provided 28 days in advance for the shareholders to make necessary arrangements to attend the general meetings and exercise their rights.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that the Company has complied with and applied with the principals and recommendations of the MCCG, where necessary and appropriate. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

This Corporate Governance Overview Statement was approved by the Board on 13 February 2026.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“The Board”) of Kawan Renergy Berhad (“Kawan” or “the Company”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report for the financial year ended 31 October 2025 (“FYE 2025”) in compliance with Paragraph 15.15 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The ARMC assists the Board in its oversight of the Group’s financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial reporting practices, risk management framework and policies.

COMPOSITION AND DESIGNATION OF ARMC MEMBERS

The ARMC comprised of three (3) members, all of whom are Independent Non-Executive Directors. The ARMC members are as below: –

1. Mr. Woo Ah Kek (Chairperson)
2. Mr. Loh Leng Sem
3. Ms. Wong Fee Sang

All members of the ARMC are financially literate. None of the members were former key audit partners of the Company’s existing External Auditors, Messrs. Baker Tilly Monteiro Heng PLT. The ARMC Chairman is not the Chairman of the Board of Directors of the Company.

The Chairman of the ARMC, Mr. Woo Ah Kek is a Fellow Member of Association of Chartered Certified Accountants and member of Malaysian Institute of Accountants. Profiles of the ARMC members are set out in the Directors’ Profile Section of this Annual Report.

TERMS OF REFERENCE

The duties and responsibilities of the ARMC are set out in the Terms of Reference of the ARMC which was adopted by the Board on 3 April 2024, a copy of which is available for viewing on our website at www.kawan-renergy.com.my.

MEETINGS AND ATTENDANCE

During FYE 2025, the ARMC held a total of five (5) meetings. The members of the ARMC and their attendance at the meetings are set out below:

Name of AC Members	No. of the meeting attended
Woo Ah Kek (Chairperson) (Appointed w.e.f. 10 June 2025)	2/2
Loh Leng Sem	5/5
Wong Fee Sang (Appointed w.e.f. 1 October 2025)	-

During FYE 2025, the representatives of the External Auditors and Internal Auditors, Directors, Chief Financial Officer, Chief Compliance Officer, and the representative of a consulting advisory firm were invited to attend the ARMC meetings to facilitate direct communication on matters under the consideration of the ARMC, or which, in their opinion, should be brought to the attention of the ARMC. The Chairman of the ARMC reported on key issues and matters discussed at the ARMC meeting as well as the ARMC’s recommendations, to the Board for consideration after the ARMC meetings. All deliberations during the ARMC meetings were minuted by the Company Secretary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

The following activities were carried out during FYE 2025:-

- Reviewed and approved the audit plan of the group for FYE 2025 prepared by the External Auditors entailing mainly the Group's significant risks and areas of audit focus, internal control plan and audit timeline to ensure that the scope of work is adequate.
- Reviewed and recommended the Unaudited Quarterly Reports for the financial period ended 31 October 2025 to the Board for approval.
- Reviewed the audited financial statements for the financial year ended 31 December 2024 and recommended the same to the Board for approval.
- Reviewed the I Precision Sdn Bhd's limited review for the financial period ended 30 April 2025 as conducted by the External Auditors.
- Reviewed the internal audit report, including audit findings and recommendations for improvement prepared by the Internal Auditors and the corresponding actions taken by the Management, including follow-up reviews carried out by the Internal Auditors.
- Reviewed if there is any related party transactions and conflict of interest/potential conflict of interest situation of the Group.

The Executive Board members and senior management staff attended the ARMC meetings by invitation of the ARMC Chairman during deliberations on the areas which required their clarifications and input.

The representatives of external auditors and consultants were also present during deliberations on the subjects which required their input and advice.

Internal Audit Function

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Talent League Sdn Bhd ("Talent League"), to assist the ARMC in undertaking systematic and independent assessment on the adequacy, efficiency and effectiveness of the Group's system of risk management and internal control. They were free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The internal audit team reports the audit findings and recommendations, with Management Action Plan to the ARMC. It performs follow-up on the status of implementation by Management of the Group on the observations raised in preceding cycles of internal audit and reports the status of corrective actions undertaken to the ARMC. During this financial year, the costs incurred for the internal audit function was RM24,000.00 (2024: RM24,000.00).

Further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) of Kawan Renergy Berhad (“Kawan” or “the Group”) is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 October 2025 (“FYE 2025”). This statement has been prepared in accordance with the Malaysian Code on Corporate Governance (“MCCG”), the Corporate Governance Guide, and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Internal Control Guidelines”).

BOARD RESPONSIBILITIES

The Board acknowledges its duty to provide oversight of the Group’s risk management and internal control frameworks, which are integral to preserving shareholder value, protecting customer interests, and securing the Group’s assets. The Board’s oversight spans across all subsidiaries and encompasses financial, operational, and compliance controls.

To ensure effective risk management, the Group has established processes for identifying, analysing, evaluating, and managing significant risks that could potentially impact strategic, operational, and compliance objectives. This approach includes periodic reviews of the Risk Register and internal control documentation to ensure continued relevance in an evolving business and regulatory requirements.

To assist the Board in fulfilling its responsibilities, the Board has established the Audit and Risk Management Committee (“ARMC”), which assists the Board in overseeing the Group’s risk management framework and internal control system.

The Internal Audit function further supports this framework by providing independent assessments of the adequacy and effectiveness of internal controls. This layered governance structure reflects the Board’s commitment to maintaining a robust and responsive risk management environment.

RISK MANAGEMENT FRAMEWORK

Kawan’s risk management framework is aligned with the principles and guidelines of ISO 31000. The framework is designed to promote a structured and consistent approach to identifying and managing risks that may affect the achievement of the Group’s objectives, while supporting value creation and business sustainability.

Risk management processes are integrated into the Group’s operational and business activities and encompass the identification, analysis, evaluation, and treatment of significant risks. These processes are subject to regular monitoring and review to ensure their suitability, adequacy, and effectiveness.

The key steps in the risk management process are outlined on the following and provide a structured approach to identifying, assessing, and managing risks.

Risk Governance & Context

Defines strategic objectives, risk appetite, and the operating environment within which risks are managed.

Risk Identification

Systematic identification of internal and external risks that may affect the achievement of strategic and operational objectives.

Risk Assessment

Evaluation of risk likelihood and impact, taking account of existing controls and mitigation measures.

Risk Prioritisation

Comparison of assessed risks against defined thresholds to determine relative significance and management focus.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Risk Appetite

The Board has determined that the Group maintains a moderate risk appetite in pursuit of its strategic and operational objectives. The Group has low tolerance for risks that may result in regulatory non-compliance, health and safety incidents, ethical breaches, or material damage to its reputation, and such risks are generally avoided or reduced to acceptable levels. A measured level of risk is accepted in areas relating to operational execution, project delivery, talent management, and market dynamics where risks are inherent to the business and are managed through established controls and oversight mechanisms. Financial risks are managed conservatively, with emphasis on liquidity preservation, credit discipline, and cost control. Risks assessed as high or critical under the Group's risk assessment matrix require immediate senior management attention and Board oversight, while risks within medium and low thresholds are managed through routine controls and continuous improvement processes.

Risk Response

Implementation of proportionate actions to mitigate, manage, transfer, or accept risk exposures.

Monitoring, Reporting & Assurance

Ongoing monitoring of risk outcomes, effectiveness of controls, and reporting through established governance structures.

As part of its risk governance framework, the Group has adopted the **Three Lines of Defence model**. This approach ensures that risk ownership is clearly assigned and managed at the point where activities are undertaken. By embedding risk management responsibilities within business units, the model positions risk management as an integral part of day-to-day operations rather than a separate control function. This approach supports informed decision-making, strengthens oversight, and enhances overall operational effectiveness and resilience.

First Line of Defence

Consists of the Head of Departments and Operational Staff who integrates risk management into daily operations, encompassing the identification, evaluation, and management of operational risks. Internal controls are established, maintained, and executed effectively to safeguard processes and support the Group's objectives.

Second Line of Defence

Provides oversight and support to the first line by establishing, implementing and maintaining risk management frameworks, policies, and procedures. It monitors risk management activities, evaluates the effectiveness of operational controls, and ensures adherence to established standards, thereby reinforcing the organisation's overall risk management and control environment.

Third Line of Defence

Delivers independent assurance to the Board and senior management through comprehensive evaluation of the design and effectiveness of risk management and control processes across the first and second lines. Internal auditors provide impartial insights and recommendations to enhance the overall effectiveness of the Group's governance and control framework.

The Group has also implemented business continuity arrangements to enhance organisational resilience and support continuity of operations during disruptive events, such as pandemics, natural disasters, or other unforeseen circumstances. These arrangements are intended to safeguard the Group's key assets, including personnel, financial resources, information, and infrastructure.

The likelihood and potential impact of identified risks are evaluated in a structured manner using a risk matrix derived from the risk assessment process. This includes assigning accountability to relevant personnel for managing these risks and conducting independent assessments of key controls designed to mitigate them. Risks are categorised into key areas, including Financial, Information Technology, Operational, Regulatory, Reputational, Strategic, and Human Capital.

Material risks identified are compiled into a centralised Risk Register, which is reviewed and updated periodically by the Chief Compliance Officer. This process ensures that new risks are identified and existing risks are reassessed based on their likelihood and potential impact, particularly those critical to the Group. Recent enhancements to the risk profile have incorporated new risks arising from operational activities, which have been duly reflected in the Risk Register.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The Board remains accountable for the Group's overall risk profile and has delegated the oversight of risk management matters to the ARMC. Further details on the roles and responsibilities of the ARMC are set out in its Terms of Reference, which are available on the Group's website. During the **financial year ended 31 October 2025**, the ARMC carried out its oversight responsibilities on risk management and internal control through regular meetings, with attendance as follows:

Members	Attendance
Woo Ah Kek (Chairperson) Appointed 10 June 2025	2/2
Loh Leng Sem	5/5
Wong Fee Sang Appointed 1 Oct 2025	-
Ngoi Evon Resigned 14 Sep 2025	4/4
Liew Li Ping Resigned 1 June 2025	3/3

INTERNAL CONTROL SYSTEM

The Board places critical importance on a strong internal control framework as a foundation for the Group's effective governance and operational efficiency. This framework is designed to flow from strategic oversight down to day-to-day operations, ensuring that key control principles guide decision-making and process execution at all levels. By integrating these principles across the organisation, the Board seeks to foster accountability, enhance operational resilience, and safeguard the Group against emerging and existing risks.

Beyond risk mitigation, the framework promotes consistency in business practices and alignment with the Group's long-term strategic objectives. It provides a structured mechanism for identifying vulnerabilities, monitoring controls, and implementing corrective measures where necessary. This approach encourages a culture of transparency and proactive risk management, ensuring that employees at all levels are aware of their responsibilities and committed to sustaining robust internal controls throughout the organisation.

INTERNAL AUDIT FUNCTION

The Board demonstrates its commitment to strong internal audit practices by engaging **Talent League Sdn. Bhd.**, an independent consulting firm, to carry out a comprehensive and objective assessment of the Group's internal control framework. This independent review examines the adequacy, effectiveness, and efficiency of the controls, while providing valuable insights into the Group's risk management and governance processes.

The ARMC has approved the risk-based internal audit plan, which was subsequently presented to and approved by the Board. This process ensures that internal audit efforts are closely aligned with the Group's most significant risks, enabling proactive management and mitigation of potential operational and strategic threats.

During the financial year under review, the Internal Auditors conducted audits in accordance with the internal audit plan approved by the ARMC. The audit scope encompassed critical areas including Revenue and Credit Risk Management, Project Management, Production and Quality Assurance, and Inventory Management. Audit findings were addressed in close collaboration with Management, reflecting a proactive and transparent approach to identifying and resolving potential control gaps.

The ARMC, serving as the Board's oversight arm, regularly assesses internal control matters highlighted in both internal and external audit reports. This ongoing oversight demonstrates the Board's dedication to maintaining a resilient and effective control environment, safeguarding the Group's assets, and supporting the achievement of its strategic objectives.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF EFFECTIVENESS

The Board, with the assistance of the ARMC, has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems for the financial year ended 31 October 2025.

Based on the reviews performed, including reports from Management and the Internal Audit function, the Board is of the view that the Group's risk management and internal control systems were adequate and effective throughout the financial year under review.

The Board acknowledges that these systems are designed to manage risks within acceptable levels and are subject to inherent limitations. The Board remains committed to continuous improvement to address emerging risks and changes in the operating environment.

In the course of its operations, the Group is exposed to risks associated with governance and compliance, project execution, including potential delays, scope changes, and customer-related disruptions that may impact project timelines, revenue recognition, and cash flow.

To mitigate such risks, the Group has implemented various measures, including:

- **Regulatory Compliance:**
 - Proactive oversight of changes in laws and regulations, including Stamp Duty requirements, to ensure contracts and operational practices remain fully compliant. Contracts are continuously reviewed to ensure ongoing compliance ensuring that contractual practices remain current, risks are proactively addressed, and obligations are fully met. This approach strengthens the Group's governance framework, mitigates legal and regulatory exposure, and safeguards both financial and operational integrity.
- **Sustainability Governance:**
 - Head of Departments received training on ESG topics, including greenhouse gas ("GHG") and waste management, to ensure environmental risks are understood and managed throughout the Group. ESG considerations are systematically embedded into budgeting, procurement, and risk assessment processes, reinforcing a culture of sustainability and responsible decision-making across all projects.
- **Health, Safety and Environmental Management**
 - ISO 45001 requirements are fully implemented, encompassing risk identification, hazard assessments, safe working procedures, and provision of necessary PPE and facilities. Ongoing monitoring, combined with internal and external training ensures staff competence, reinforce adherence to procedures, and strengthens safety culture. Lessons from audits and regulatory reviews are applied to drive continuous improvement.
- **Robust Project Planning and Execution:**
 - Implementing comprehensive project scheduling with clearly defined milestones and deliverables, backed by contract with customers. This includes resource allocation plans, critical path analysis, and regular progress monitoring to proactively identify and address potential delays.
- **Strategic Change Control Framework:**
 - Establishing a structured approach to managing scope modifications through a change control process. This encompasses impact assessments covering schedule implications, cost variations, and revenue recognition effects, ensuring all stakeholders make informed decisions based on comprehensive analysis of proposed changes.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- **Enhanced Contractual Risk Management:**

- Developing contractual structures that incorporate both incentive mechanisms and remedy provisions to drive project success. These agreements detail specific performance metrics, establish clear accountability frameworks, and define equitable risk-sharing arrangements between all parties, including explicit provisions for customer-induced delays or disruptions.

- **Collaborative Stakeholder Management:**

- Creating transparent communication channels and escalation protocols to facilitate timely decision-making and issue resolution. This includes regular steering committee meetings, documented approval workflows, and clear governance structures to maintain project momentum while managing stakeholder expectations effectively.

These measures are intended to support project delivery efficiency while safeguarding the Group's financial performance.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements by Bursa Securities, the external auditors, **Messrs Baker Tilly Monteiro Heng PLT**, have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysia Institute of Accountants.

The external auditors reported to the Board that nothing had come to their attention that was inconsistent with their understanding of the process adopted by the Board and Management in reviewing the adequacy and effectiveness of the group's risk management and internal control systems.

This Statement is made by a Board resolution on 13 February 2026.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board is required by the Companies Act, 2016 to present the 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, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 October 2025, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Company keeps proper accounting records which enable the financial position of the Group and the Company to be disclosed with reasonable accuracy and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 October 2025.

In conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 29 April 2024, the Company undertook a public issue of 110,000,000 new ordinary shares at an issue price of RM0.30 per share, raising a gross proceeds of RM33.0 million.

The status of utilization of these proceeds raised as of 31 October 2025 is as follows:

Details of utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation ⁽¹⁾ RM'000
Investment into a new 2MW power plant	5,000	-	-	5,000	Within 36 months
Improvement of Bercham Plant output	2,500	-	-	2,500	Within 27 months ⁽²⁾
Purchase of additional machinery	500	(500) ⁽³⁾	-	-	Within 12 months
Repayment of bank borrowings	6,000	(5,748)	(252) ⁽⁴⁾	-	Within 3 months
Working capital	15,000	(10,400)	252 ⁽⁴⁾	4,852	Within 24 months
Estimated listing expenses	4,000	(4,000)	-	-	Within 1 month
	33,000	(20,648)	-	12,352	

Notes:

- (1) From the date of listing of the Company.
- (2) On 12 August 2025, the Group had announced an extension of time for the utilisation of the allocation by an additional 12 months, extending the period to 27 months from the date of listing.
- (3) Allocation for adjustable rotator was replaced with other machinery and tools to improve production efficiency.
- (4) Surplus of RM0.3 million (of the RM6.0 million allocated for the repayment of bank borrowings) was re-allocated to the general working capital requirements of the Group, in accordance with the Company's prospectus dated 29 April 2024.

Audit and Non-Audit fees

The auditors' remuneration including non-audit fees for the Company and the Group for the financial year ended 31 October 2025 is as follow:

Details of Audit Fees	Group RM	Company RM
Statutory Audit Fees	167,000	49,000
Non-Audit Fees ^(a)	58,500	38,800

Note:

- (a) The non-audit fees of the Group and the Company were incurred mainly for the advisory services in connection with the limited assurance and non-assurance services.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Material Contracts involving Directors and Major Shareholders

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into the Company and its subsidiaries, involving directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 October 2025 or entered into since the end of the previous financial year.

Recurrent Related Party Transaction of a Revenue or Trading Nature

During the financial year under review, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include design, fabrication, installation and/or commissioning of industrial process equipment and process plants as well as renewable energy and co-generation plants, Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock and operation and maintenance services, technical consultancy and/or system audit and engineering of high technology products.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	22,268,135	10,824,043
Attributable to:		
Owners of the Company	23,441,316	10,824,043
Non-controlling interests	(1,173,181)	-
	<u>22,268,135</u>	<u>10,824,043</u>

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	Group RM
Single-tier interim dividend of RM0.0125 per ordinary share for the financial year ended 31 October 2025, paid on 30 December 2024	<u>6,875,000</u>

On 13 February 2026, the directors declared a single tier interim dividend of 1 sen per ordinary share which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2026.

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2026.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 October 2025.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts has been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liabilities of the Group and of the Company have 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 and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year were RM225,500 and RM87,800 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares and debentures was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Lim Thou Lai*	
Heng Siew Aun*	
Chong Hon Choong*	
Loh Leng Sem	
Dato' Ir. Mohd Yusof bin Mohd Isa	(Appointed on 1 September 2025)
Woo Ah Kek	(Appointed on 10 June 2025)
Wong Fee Sang	(Appointed on 1 October 2025)
Dr. Chuah Chaw Teo	(Resigned on 3 June 2025)
Liew Li Ping	(Resigned on 1 June 2025)
Ngoi Evon	(Resigned on 14 September 2025)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report is:

Abg Abdul Aziz bin Abg Mohammed	
Ramesh A/L Ratha Krishnan	
Rosman bin Tahir	(Resigned on 1 February 2026)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year of shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	← At 1 November 2024	Number of ordinary shares		At 31 October 2025 →
		Bought	Sold	
Direct interests:				
Lim Thou Lai	387,900,000	-	(24,240,000)	363,660,000
Heng Siew Aun	11,000,000	-	-	11,000,000
Chong Hon Choong	6,435,000	-	(46,450)	6,388,550
Loh Leng Sem	75,000	-	-	75,000

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016, Lim Thou Lai is also deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Executive directors		
- Other emoluments	1,312,015	-
Non-executive directors		
- Fees	148,333	148,333
- Other emoluments	15,500	15,500
	163,833	163,833
	1,475,848	163,833

The estimated value of benefits-in-kind provided to the directors of the Company during the financial year amounted to RM34,338.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Group were RM5,000,000 and RM51,925 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025	2024	
Kawan Engineering Sdn. Bhd. ("KESB")	Malaysia	100%	100%	Engaged in design, fabrication, installation and/or commissioning of industrial process equipment and process plants
Kawan Green Energy Sdn. Bhd. ("KGESB")	Malaysia	100%	100%	Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants
Kawan Environmental Sdn. Bhd. ("KEVSB") (formerly known as Kawan Solutions Sdn. Bhd.)	Malaysia	100%	-	Engaged in service, repair and maintenance of industrial machinery and equipment. Installation, piping, electrical and other plant engineering activities and related technical consultancy. Trading of machinery, equipment, spare parts and supplies
Magenko Renewables (Asia) Sdn. Bhd. ("MRA")	Malaysia	100%	-	Dormant. Engaged as an Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam thermal energy, biofuels, biomass, plantation of biomass feed stock
Subsidiary of KESB				
I Precision Sdn. Bhd. ("IPSB")	Malaysia	51%	-	Engaged in precision engineering specializing in the manufacturing and engineering of high technology products
Magenko Renewables (Asia) Sdn. Bhd. ("MRA")	Malaysia	-	100%	Dormant. Engaged as an IPP involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES (CONT'D)

The details of the Company's subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025	2024	
Subsidiary of MRA				
Magenko Renewables (Ipoh) Sdn. Bhd. ("MRI")	Malaysia	100%	100%	Engaged as an IPP involved in power generation and sales of electricity.
Magenko Bio Energy Sdn. Bhd. ("MBE")	Malaysia	100%	100%	Engaged as an IPP involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

LIM THOU LAI
Director

HENG SIEW AUN
Director

Date: 13 February 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	29,767,476	20,209,313	-	-
Investment in subsidiaries	6	-	-	50,346,206	49,696,206
Total non-current assets		29,767,476	20,209,313	50,346,206	49,696,206
Current assets					
Inventories	7	2,543,503	1,751,210	-	-
Current tax assets		-	100,000	-	-
Trade and other receivables	8	35,746,352	25,326,730	5,334,758	4,170
Contract assets	9	40,359,753	22,832,466	-	-
Cash and short-term deposits	10	41,587,517	57,338,024	21,735,702	23,850,098
Total current assets		120,237,125	107,348,430	27,070,460	23,854,268
TOTAL ASSETS		150,004,601	127,557,743	77,416,666	73,550,474
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	77,144,001	77,144,001	77,144,001	77,144,001
Merger deficit	12	(35,144,000)	(35,144,000)	-	-
Retained earnings/(Accumulated losses)		68,007,222	51,440,906	(13,761)	(3,962,804)
Non-controlling interests	6	110,007,223 1,945,346	93,440,907 -	77,130,240 -	73,181,197 -
TOTAL EQUITY		111,952,569	93,440,907	77,130,240	73,181,197
Non-current liabilities					
Loans and borrowings	13	2,979,330	527,889	-	-
Deferred income	14	189,149	215,119	-	-
Deferred tax liabilities	15	583,559	461,353	-	-
Total non-current liabilities		3,752,038	1,204,361	-	-
Current liabilities					
Loans and borrowings	13	6,447,571	1,572,366	-	-
Deferred income	14	25,970	25,970	-	-
Current tax liabilities		1,903,708	2,490,960	48,573	63,382
Trade and other payables	16	16,811,417	14,715,464	237,853	305,895
Contract liabilities	9	9,111,328	14,107,715	-	-
Total current liabilities		34,299,994	32,912,475	286,426	369,277
TOTAL LIABILITIES		38,052,032	34,116,836	286,426	369,277
TOTAL EQUITY AND LIABILITIES		150,004,601	127,557,743	77,416,666	73,550,474

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	17	135,793,393	113,117,788	11,000,000	52,206
Cost of sales		(98,694,944)	(79,585,727)	-	-
Gross profit		37,098,449	33,532,061	11,000,000	52,206
Other income	18	1,179,404	409,341	18,377	-
Administrative expenses		(7,962,249)	(7,368,825)	(927,216)	(3,880,140)
Other operating expenses		(698,695)	(943,494)	-	(19,015)
Operating profit/(loss)		29,616,909	25,629,083	10,091,161	(3,846,949)
Finance income	19	1,287,906	1,232,964	838,611	264,093
Finance costs	20	(220,551)	(352,212)	-	-
Profit/(loss) before tax	21	30,684,264	26,509,835	10,929,772	(3,582,856)
Income tax expense	23	(8,416,129)	(8,501,145)	(105,729)	(63,382)
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		22,268,135	18,008,690	10,824,043	(3,646,238)
Total comprehensive income attributable to:					
Owners of the Company		23,441,316	18,008,690	10,824,043	(3,646,238)
Non-controlling interests	6(e)	(1,173,181)	-	-	-
		22,268,135	18,008,690	10,824,043	(3,646,238)
Earnings per share attributable to owners of the Company (sen)					
- Basic and diluted	24	0.04	0.05		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONT'D)

	Note	Attributable to owners of the Company		
		Share capital RM	Accumulated losses RM	Total equity RM
Company				
At 1 November 2023		1	(316,566)	(316,565)
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss for the financial year		-	(3,646,238)	(3,646,238)
Transaction with owners				
Issuance of ordinary shares	11	33,000,000	-	33,000,000
Shares issued for acquisition of a subsidiary	6	45,144,000	-	45,144,000
Transaction costs on shares issued		(1,000,000)	-	(1,000,000)
At 31 October 2024		77,144,001	(3,962,804)	73,181,197
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income for the financial year		-	10,824,043	10,824,043
Transaction with owners				
Dividends paid on shares, representing total transaction with owners	25	-	(6,875,000)	(6,875,000)
At 31 October 2025		77,144,001	(13,761)	77,130,240

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities					
Profit/(loss) before tax		30,684,264	26,509,835	10,929,772	(3,582,856)
Adjustments for:					
Amortisation of government grant income		(25,970)	(15,365)	-	-
Bad debts recovered		(149,960)	(174,053)	-	-
Depreciation of property, plant and equipment	5	4,847,451	3,285,215	-	-
Dividend-in-specie		-	-	-	(52,206)
Finance costs		220,551	352,212	-	-
Finance income		(1,287,906)	(1,232,964)	(838,611)	(264,093)
(Gain)/Loss on disposal of property, plant and equipment		(65,497)	107,296	-	-
Gain on termination of lease		-	(425)	-	-
Gain on bargain purchase	6(b)	(845,813)	-	-	-
Impairment loss on trade receivables	8	252,259	122,581	-	-
Net unrealised foreign exchange		338,105	118,118	-	-
Property, plant and equipment written off		4,077	-	-	-
Waiver of debts		(10,261)	-	-	-
Operating profit/(loss) before changes in working capital		33,961,300	29,072,450	10,091,161	(3,899,155)
<u>Changes in working capital:</u>					
Inventories		(588,295)	699,447	-	-
Trade and other receivables		(9,546,316)	(2,535,205)	(30,588)	(3,670)
Contract assets		(17,527,287)	(7,385,843)	-	-
Trade and other payables		151,506	2,740,986	(68,042)	299,450
Contract liabilities		(4,996,387)	(14,790,036)	-	-
Net cash generated from/(used in) operations		1,454,521	7,801,799	9,992,531	(3,603,375)
Income tax paid		(8,781,175)	(7,774,761)	(120,538)	-
Interest received		1,287,906	1,232,964	838,611	264,093
Net cash (used in)/from operating activities		(6,038,748)	1,260,002	10,710,604	(3,339,282)
Cash flows from investing activities					
Acquisition of a subsidiary	6(b)	(2,397,484)	-	(50,000)	-
Advance to a subsidiary		-	-	(5,300,000)	-
Incorporation of a subsidiary	6(a)	-	-	(50,000)	-
Subscription of additional shares in a subsidiary	6(c)	-	-	(550,000)	(4,500,000)
Change in pledged deposits		-	(175,345)	-	-
Purchase of property, plant and equipment	(a)	(4,724,894)	(1,464,469)	-	-
Proceeds from disposal of property, plant and equipment		65,501	546,100	-	-
Proceeds from government grants related to assets		-	181,800	-	-
Net cash used in investing activities		(7,056,877)	(911,914)	(5,950,000)	(4,500,000)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONT'D)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from financing activities	(b)				
Advances from a related party		649,382	-	-	-
Advances from/(Repayment to) a director		51,000	(1,000)	-	-
Dividends paid		(6,875,000)	(10,000,000)	(6,875,000)	-
Proceeds from issuance of ordinary shares		-	33,000,000	-	33,000,000
Shares issuance expenses		-	(1,000,000)	-	(1,000,000)
Drawdown from term loan		312,900	-	-	-
Repayments of term loan		-	(6,345,198)	-	-
Repayments of lease liabilities		(273,210)	(43,597)	-	-
Repayments of hire purchase		(576,583)	(635,375)	-	-
Drawdown from bankers' acceptances		-	5,700,000	-	-
Repayments of bankers' acceptances		(1,000,000)	(7,650,000)	-	-
Drawdown from invoice financing		8,078,650	-	-	-
Repayments of invoice financing		(2,807,000)	-	-	-
Repayment to a shareholder		-	(550,000)	-	(550,000)
Interest paid		(215,021)	(352,212)	-	-
Net cash (used in)/from financing activities		(2,654,882)	12,122,618	(6,875,000)	31,450,000
Net (decrease)/increase in cash and cash equivalents		(15,750,507)	12,470,706	(2,114,396)	23,610,718
Cash and cash equivalents at the beginning of the financial year		51,564,341	39,147,948	23,850,098	239,380
Effect of exchange rate changes on cash and cash equivalents		(172,365)	(54,313)	-	-
Cash and cash equivalents at the end of the financial year	10	35,641,469	51,564,341	21,735,702	23,850,098

(a) Purchase of property, plant and equipment:

	Note	Group	
		2025 RM	2024 RM
Purchase of property, plant and equipment	5	7,102,555	1,824,469
Financed by way of:			
- lease arrangements		(723,761)	-
- hire purchases		(298,000)	(360,000)
- term loan		(1,355,900)	-
Cash payments on purchase of property, plant and equipment		4,724,894	1,464,469

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONT'D)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	At 1 November 2024 RM	Cash flows RM	Non-cash			At 31 October 2025 RM
			Acquisition RM	Acquisition of a subsidiary RM	Others RM	
Group						
Amount owing to a related party	-	649,382	-	-	-	649,382
Amount owing to a director	-	51,000	-	-	-	51,000
Term loan	-	312,900	1,355,900	-	5,530	1,674,330
Lease liabilities	31,229	(273,210)	723,761	1,208,698	-	1,690,478
Hire purchase payables	1,069,026	(576,583)	298,000	-	-	790,443
Bankers' acceptances	1,000,000	(1,000,000)	-	-	-	-
Invoice financing	-	5,271,650	-	-	-	5,271,650
	2,100,255	4,435,139	2,377,661	1,208,698	5,530	10,127,283

	At 1 November 2023 RM	Cash flows RM	Non-cash		At 31 October 2024 RM
			Acquisition RM	Termination of lease RM	
Group					
Amount owing to a director	1,000	(1,000)	-	-	-
Amount owing to shareholder	550,000	(550,000)	-	-	-
Term loan	6,345,198	(6,345,198)	-	-	-
Lease liabilities	96,084	(43,597)	-	(21,258)	31,229
Hire purchase payables	1,344,401	(635,375)	360,000	-	1,069,026
Bankers' acceptances	2,950,000	(1,950,000)	-	-	1,000,000
	11,286,683	(9,525,170)	360,000	(21,258)	2,100,255

	At 1 November 2023 RM	Cash flows RM	At 31 October 2024 RM
Company			
Amount owing to shareholder	550,000	(550,000)	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2025 (CONT'D)

(c) Total cash outflows for leases:

	2025	Group
	RM	2024
		RM
Included in net cash used in operating activities:		
Payment relating to:		
– short-term leases	104,500	67,700
– low value assets	69,318	33,820
Included in net cash used in financing activities:		
Interest paid in relation to lease liabilities	30,286	2,364
Payment of lease liabilities	273,210	43,597
	477,314	147,481

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Kawan Renergy Berhad (“the Company”) is a public limited company, incorporated and domiciled in Malaysia and is listed on ACE Market of Bursa Malaysia Securities. The registered office of the Company is located at Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Persiaran Barat, 46050 Petaling Jaya, Selangor. The principal place of business of the Company is located at No. 18, Lebuhr Perusahaan 1, Kawasan Perindustrian IGB, 31200 Ipoh, Perak.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 February 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and Company and did not result in significant changes to the Group and Company’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7 Financial Instruments: Disclosures	1 January 2026
MFRS 9 Financial Instruments	1 January 2026
MFRS 10 Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
MFRS 107 Statements of Cash Flows	1 January 2026
MFRS 121 The Effects of Change in Foreign Exchange Rates	1 January 2027
MFRS 128 Investment in Associate and Joint Ventures	Deferred

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. The initial application of the applicable new MFRSs and amendments to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classifies the financial liabilities at amortised cost. The Group and the Company subsequently measures the financial liabilities at amortised cost under the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.4 Property, plant and equipment

Property, plant and equipment (other than right-of-use assets) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	33
Plant and machinery	7 – 10
Motor vehicles	5
Furniture and fittings	10
Office equipment	5 – 10
Computers and software	2.5 – 5
Renovation	10

3.5 Leases

(a) Lessee accounting

The Group presents right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 13.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the 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 useful life of the right-of-use assets or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis
- work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.7 Revenue

(a) Design fabrication, installation and/or commissioning solution

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with credit term, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

(b) Power generation and sale of electricity

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously.

(c) Precision engineering

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Construction revenue

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligations determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgment is required in determining the progress towards complete satisfaction of performance obligation, the extent of construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgment, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 9.

(b) Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of each reporting period.

The information about the impairment losses on the Group's trade receivables are disclosed in Note 26(b)(i).

(c) Property, plant and equipment

The Group assess impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Where such indication exists, the Group determine the recoverable amount based on valuation report performed by an external independent professional valuer.

The valuation methods adopted by the valuer were cost approach and sales comparison approach. Cost approach being the cost replacing the assets as new and allowing for determined and an allowance is made for physical, functional and economic obsolescence. Sales comparison approach being comparison of current prices in an active market for similar assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows: (cont'd)

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

Judgement is made in determining the appropriate valuation methods and the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the property, plant and equipments.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 5.

(d) Business combination

During the financial year, the Group acquired I Presicion Sdn. Bhd. through a transaction with third parties.

In accounting for the acquisition under MFRS 3, the identifiable assets acquired and liabilities assumed, are recognised at their fair values at the acquisition date. The determination of the fair values of the acquired assets and liabilities assumed is based on purchase price allocation performed by an external independent professional valuer. Any changes in these assumptions will have an impact on the carrying amounts of the acquired assets and liabilities assumed.

The fair values of the identifiable assets acquired and liabilities assumed are disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5 PROPERTY, PLANT AND EQUIPMENT

Group Cost	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Computers and software RM	Renovation RM	Work-in- progress RM	Right-of- use assets RM	Total RM
At 1 November 2024	11,200,074	23,112,539	3,410,019	1,710,186	438,126	1,226,158	41,025	-	4,967,814	46,105,941
Additions	37,640	987,769	498,097	182,432	63,800	213,706	-	4,395,350	723,761	7,102,555
Disposals	-	-	(447,858)	-	-	-	-	-	-	(447,858)
Written off	-	-	-	-	(7,650)	-	-	-	-	(7,650)
Termination	-	-	-	-	-	-	-	-	(22,643)	(22,643)
Acquisition of a subsidiary (Note 6)	-	17,066,316	20,000	-	202,549	578,581	4,597,293	-	1,472,433	23,937,172
At 31 October 2025	11,237,714	41,166,624	3,480,258	1,892,618	696,825	2,018,445	4,638,318	4,395,350	7,141,365	76,667,517
Accumulated depreciation										
At 1 November 2024	2,484,070	18,567,073	1,967,343	1,053,316	254,615	811,642	11,354	-	747,215	25,896,628
Depreciation charge for the financial year	335,085	2,673,144	538,862	111,726	33,837	362,286	417,727	-	374,784	4,847,451
Disposals	-	-	(447,854)	-	-	-	-	-	-	(447,854)
Written off	-	-	-	-	(3,573)	-	-	-	-	(3,573)
Termination	-	-	-	-	-	-	-	-	(22,643)	(22,643)
Acquisition of a subsidiary (Note 6)	-	12,872,222	19,999	-	182,091	562,379	2,707,035	-	286,306	16,630,032
At 31 October 2025	2,819,155	34,112,439	2,078,350	1,165,042	466,970	1,736,307	3,136,116	-	1,385,662	46,900,041
Carrying amount										
At 31 October 2025	8,418,559	7,054,185	1,401,908	727,576	229,855	282,138	1,502,202	4,395,350	5,755,703	29,767,476

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Assets pledged as security

Leasehold land and buildings with a carrying amount of RM12,460,780 (2024: RM12,814,476) has been pledged as security to secure loans and borrowings of the Group as disclosed in Note 13.

Plant and machinery with carrying amount of RM2,100,350 (2024: Nil) have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 13.

Motor vehicles with carrying amount of RM1,536,665 (2024: RM802,197) have been pledged as security for the hire purchase arrangement as disclosed in Note 13(c).

In the previous financial year, furniture and fittings with carrying amount of RM149,308 have been pledged as security for the hire purchase arrangement as disclosed in Note 13(c).

Leased assets are pledged as security for the related lease liabilities as disclosed in Note 13(b).

(b) Right-of-use assets

The Group leases several assets including leasehold land and buildings.

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM	Buildings RM	Total RM
Group			
Carrying amount			
At 1 November 2023 (Unaudited)	4,267,823	94,963	4,362,786
Depreciation charge for the financial year	(77,490)	(43,864)	(121,354)
Termination	-	(20,833)	(20,833)
	4,190,333	30,266	4,220,599
At 31 October 2024	-	1,186,127	1,186,127
Acquisition of a subsidiary	-	723,761	723,761
Additions	(77,491)	(297,293)	(374,784)
Depreciation charge for the financial year"			
At 31 October 2025	4,112,842	1,642,861	5,755,703

The Group leases land and buildings for its operation and office space. The leases for the leasehold land and buildings generally have lease term of two (2) to ninety nine (99) years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost:		
At beginning of the financial year	49,696,206	-
Additions	650,000	49,696,206
At end of the financial year	50,346,206	49,696,206

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025	2024	
Kawan Engineering Sdn. Bhd. ("KESB")	Malaysia	100%	100%	Engaged in design, fabrication, installation and/or commissioning of industrial process equipment and industrial process plants.
Kawan Green Energy Sdn. Bhd.	Malaysia	100%	100%	Engaged in design, fabrication, installation and/or commissioning of renewable energy and co-generation plants.
Kawan Environmental Sdn. Bhd. ("KEVSB") <i>(formerly known as Kawan Solutions Sdn. Bhd.)</i>	Malaysia	100%	-	Engaged in service, repair and maintenance of industrial machinery and equipment. Installation, piping, electrical and other plant engineering activities and related technical consultancy. Trading of machinery, equipment, spare parts and supplies
Magenko Renewables (Asia) Sdn. Bhd. ("MRA")	Malaysia	100%	-	Dormant. Engaged as an Independent Power Producer ("IPP") involved in power generation and sales of electricity, steam thermal energy, biofuels, biomass, plantation of biomass feed stock
Subsidiaries of KESB				
I Precision Sdn. Bhd. ("IPSB") ⁽¹⁾	Malaysia	51%	-	Engaged in precision engineering specializing in the manufacturing and engineering of high technology products
Magenko Renewables (Asia) Sdn. Bhd. ("MRA")	Malaysia	-	100%	Dormant. Engaged as an IPP involved in power generation and sales of electricity, steam thermal energy, biofuels, biomass, plantation of biomass feed stock

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2025	2024	
Subsidiaries of MRA				
Magenko Renewables (Ipoh) Sdn. Bhd.	Malaysia	100%	100%	Engaged as an IPP involved in power generation and sales of electricity.
Magenko Bio Energy Sdn. Bhd. ("MBE")	Malaysia	100%	100%	Engaged as an IPP involved in power generation and sales of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass feed stock

⁽ⁱ⁾ Audited by auditor other than Baker Tilly Monteiro Heng PLT.

(a) Incorporation of new subsidiary

On 12 November 2024, the Company had incorporated a wholly-owned subsidiary, namely KEVSB, with an issued and paid-up capital of RM1 comprising of 50,000 ordinary shares.

(b) Acquisition of a new subsidiary

On 24 September 2024, the Company's subsidiary, KESB had acquired 51% of equity interest in IPSB for cash consideration of RM2,400,000.

The initial accounting for the business combination of IPSB in the consolidated financial statements of the Group involves identifying and determining the fair values of the identifiable assets acquired, liabilities assumed, contingent liabilities assumed and the cost of the business combination.

The fair values of IPSB identifiable assets, liabilities and contingent liabilities have been determined based on the Purchase Price Allocation ("PPA") performed by management's expert.

(i) The fair values of the identifiable assets and liabilities of IPSB as at the acquisition date are as follows:

	RM
Assets	
Property, plant and equipment (Note 5)	7,307,140
Inventories	203,998
Trade and other receivables	1,313,710
Cash and cash equivalents	2,516
Total assets	8,827,364
Liabilities	
Trade and other payables	1,254,326
Lease liabilities	1,208,698
Total liabilities	2,463,024
Total identifiable net assets acquired	6,364,340
Non-controlling interest at fair value	(3,118,527)
Fair value of consideration transferred	(2,400,000)
	845,813
Bargain purchase arising on acquisition (Note 18)	845,813

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of a new subsidiary (cont'd)

(ii) The effects of the acquisition of IPSB on cash flow of the Group were as follows:

	RM
Total consideration paid in cash by the Group	2,400,000
Less: Cash and cash equivalents of the subsidiary acquired	(2,516)
Net cash outflow on acquisition	<u>2,397,484</u>

(iii) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax as follows:

	RM
Revenue	2,140,441
Loss for the financial period	<u>(2,394,247)</u>

If the acquisition had occurred on 1 November 2024, the consolidated results for the financial period ended 31 October 2025 would have been as follows:

	IPSB RM
Revenue	136,491,884
Profit for the financial year	<u>20,209,548</u>

(c) Subscription of additional interests in subsidiaries

2025

- (i) On 12 February 2025, the Company had subscribed for an additional 50,000 ordinary shares of Magenko Renewable (Asia) Sdn. Bhd. at a price of RM 1 each in the share capital.
- (ii) On 2 September 2025, the Company had subscribed for an additional 550,000 ordinary shares of Kawan Green Energy Sdn. Bhd. at a price of RM 1 each in the share capital.

2024

On 31 October 2024, the Company had subscribed for an additional 4,500,000 ordinary shares of Kawan Engineering Sdn. Bhd. at a price of RM1 each in the share capital.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Non-controlling interest in a subsidiary

The financial information of the Group's and the Company's subsidiary that have material non-controlling interest are as follows:

Equity interest held by non-controlling interest:

Name of company	Ownership interest 2025 %
I Precision Sdn. Bhd.	49

Carrying amount of material non-controlling interests:

Name of company	2025 RM
I Precision Sdn. Bhd.	1,945,346

Profit or loss allocated to material non-controlling interests:

Name of company	2025 RM
I Precision Sdn. Bhd.	(1,173,181)

(e) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that have material non-controlling interest are as follows:

	IPSB RM
Summarised statement of financial position	
As at 31 October 2025	
Assets and liabilities:	
Non-current assets	8,111,746
Current assets	780,898
Non-current liabilities	(1,821,574)
Current liabilities	(3,100,977)
Net assets	3,970,093
 Summarised statement of comprehensive income	
Financial year ended 31 October 2025	
Revenue	2,140,441
Loss for the financial year	(2,394,247)
 Summarised cash flow information	
Financial year ended 31 October 2025	
Cash flows used in operating activities	(4,601,106)
Cash flows used in investing activities	(2,421,547)
Cash flows from financing activities	6,769,121
Net decrease in cash and cash equivalents	(253,532)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVENTORIES

	Group	
	2025 RM	2024 RM
Raw materials	1,685,009	1,638,710
Work-in-progress	-	112,500
Finished goods	858,494	-
	2,543,503	1,751,210

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM31,999,375 (2024: RM32,338,909).

8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade receivables		33,475,365	22,599,424	-	-
Less: Impairment losses for trade receivables		(526,327)	(274,068)	-	-
	(a)	32,949,038	22,325,356	-	-
Non-trade					
Other receivables		31,570	1,313,139	-	-
Amount owing by a subsidiary	(b)	-	-	5,300,000	-
Deposits		336,100	199,778	1,000	1,800
Prepayments	(c)	2,429,644	1,488,457	33,758	2,370
		2,797,314	3,001,374	5,334,758	4,170
Total trade and other receivables		35,746,352	25,326,730	5,334,758	4,170

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 7 to 120 days (2024: 7 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade receivables are as follows:

	2025	Group	2024
	RM		RM
At 1 November	274,068		151,487
Charge for the financial year			
- Collectively assessed	252,259		122,581
At 31 October	526,327		274,068

- (b) Amount owing by a subsidiary is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.
- (c) Included in prepayments amounting to RM1,735,605 (2024: RM1,289,514) was in relation to the advance payment for the purchase of raw materials.

The information about the credit exposures is disclosed in Note 26(b)(i).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2025 RM	2024 RM
Contract assets relating to construction service contracts	40,359,753	22,832,466
Contract liabilities relating to construction service contracts	(9,111,328)	(14,107,715)

(a) Contract assets

The contract assets represent the Group's right to consideration for the work performed for the construction contracts but yet to be billed. Contract assets are transferred to receivables when the Group issue progress billings to the customers. Typically, the payments are expected within 7 to 120 days (2024: 7 to 120 days).

(b) Contract liabilities

The contract liabilities represent invoice billed for the construction service contracts for which performance milestones have not yet been met and/or satisfied. The contract liabilities are expected to be recognised as revenue over a period of 1 to 2 years.

(c) Significant changes in contract balances

	Group			
	2025		2024	
	Contract assets Increase/ (decrease) RM	Contract liabilities Decrease/ (increase) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Decrease/ (increase) RM
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	2,341,258	-	27,500,311
Increase due to invoice issued to customer, but revenue not recognised	-	(12,475,870)	-	(12,971,693)
Movement as a result of change in the measure of progress	-	-	(265,089)	261,418
Increase due to revenue recognised for unbilled goods or services transferred to customers	27,821,149	15,130,999	21,914,001	-
Transfers from contract assets recognised at the beginning of the financial year to receivables	(10,293,862)	-	(14,263,069)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(d) Revenue recognised in relation to contract balances

	Group	
	2025 RM	2024 RM
Revenue recognised that was included in contract liabilities at the beginning of the financial year	2,341,258	27,500,311

Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year represented primarily revenue from the construction service contracts.

10. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	8,958,156	11,782,630	735,702	850,098
Short-term deposits	32,629,361	45,555,394	21,000,000	23,000,000
	41,587,517	57,338,024	21,735,702	23,850,098

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Short-term deposits	32,629,361	45,555,394	21,000,000	23,000,000
Less: Pledged deposits	(5,946,048)	(5,773,683)	-	-
	26,683,313	39,781,711	21,000,000	23,000,000
Cash and bank balances	8,958,156	11,782,630	735,702	850,098
	35,641,469	51,564,341	21,735,702	23,850,098

The deposits of the Group and Company placed with licensed banks bear interest at rates ranging from 2.35% to 3.85% (2024: 2.40% to 4.00%) per annum and mature within one year. The deposits are placed for varying periods ranging from one week to one year, depending on the immediate cash requirements of the Group and Company and earn interest at the respective short-term deposit rates.

Short-term deposits placed with licensed banks of the Group of RM5,946,048 (2024: RM5,773,683) have been pledged to the licensed banks to secure credit facilities granted to the Group as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL

	← Group and Company →			
	Number of ordinary shares		← Amounts →	
	2025 Unit	2024 Unit	2025 RM	2024 RM
Issued and fully paid-up (no par value):				
At 1 November	550,000,000	1	77,144,001	1
Issuance of shares	-	110,000,000	-	33,000,000
Shares issued for acquisition of a subsidiary	-	439,999,999	-	45,144,000
Transaction costs on shares issued	-	-	-	(1,000,000)
At 31 October	550,000,000	550,000,000	77,144,001	77,144,001

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In previous financial year, the Company issued:

- (i) 439,999,999 new ordinary shares at a price of RM0.1026 per ordinary share for a total consideration of RM45,144,000 pursuant to the internal restructuring for the acquisition of Kawan Engineering Sdn. Bhd.; and
- (ii) 110,000,000 new ordinary shares at a price of RM0.3000 per ordinary share for a total consideration of RM33,000,000 pursuant to the Initial Public Offering ("IPO") of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

12. MERGER DEFICIT

The merger deficit were resulted from the difference between the cost of investment in subsidiaries and the nominal value of the share capital of the Company's subsidiary upon consolidation under the merger method of accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. LOANS AND BORROWINGS

		Group	
	Note	2025 RM	2024 RM
Non-current:			
Term loan	(a)	1,363,049	-
Lease liabilities	(b)	1,105,609	8,941
Hire purchase payables	(c)	510,672	518,948
		2,979,330	527,889
Current:			
Term loan	(a)	311,281	-
Lease liabilities	(b)	584,869	22,288
Hire purchase payables	(c)	279,771	550,078
Bankers' acceptances	(d)	-	1,000,000
Invoice financing	(d)	5,271,650	-
		6,447,571	1,572,366
Total loans and borrowings:			
Term loan	(a)	1,674,330	-
Lease liabilities	(b)	1,690,478	31,229
Hire purchase payables	(c)	790,443	1,069,026
Bankers' acceptances	(d)	-	1,000,000
Invoice financing	(d)	5,271,650	-
		9,426,901	2,100,255

(a) Term loan

Term loan of the Group of RM1,674,330 bears interest at 3.9% per annum and is repayable by monthly instalments of RM32,775 over sixty (60) months commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several corporate guarantee by a subsidiary and a corporate shareholder of a subsidiary; and
- (ii) Specific debenture to be created over the machinery and equipment as disclosed in Note 5(a).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. LOANS AND BORROWINGS (CONT'D)

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	2025 RM	Group 2024 RM
Minimum lease payments:		
- Not later than one year	614,541	23,030
- Later than one year and not later than five years	728,010	9,000
- Later than five years	796,855	-
	<hr/> 2,139,406	<hr/> 32,030
Less: Future finance charges	(448,928)	(801)
	<hr/> 1,690,478	<hr/> 31,229
Present value of minimum lease payments		
Present value of minimum lease payment:		
- Not later than one year	584,869	22,288
- Later than one year and not later than five years	560,557	8,941
- Later than five years	545,052	-
	<hr/> 1,690,478	<hr/> 31,229
Less: Amount due within twelve months	(584,869)	(22,288)
	<hr/> 1,105,609	<hr/> 8,941
Amount due after twelve months		

(c) Hire purchase payables

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	2025 RM	Group 2024 RM
Minimum lease payments:		
- Not later than one year	541,754	586,174
- Later than one year and not later than five years	279,771	549,253
	<hr/> 821,525	<hr/> 1,135,427
Less: Future finance charges	(31,082)	(66,401)
	<hr/> 790,443	<hr/> 1,069,026
Present value of minimum lease payments		
Present value of minimum lease payment:		
- Not later than one year	279,771	550,078
- Later than one year and not later than five years	510,672	518,948
	<hr/> 790,443	<hr/> 1,069,026
Less: Amount due within twelve months	(279,771)	(550,078)
	<hr/> 510,672	<hr/> 518,948
Amount due after twelve months		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. LOANS AND BORROWINGS (CONT'D)

(c) Hire purchase payables (cont'd)

Hire purchase payables of the Group of RM790,443 (2024: RM1,069,026) bear interest ranging from 4.22% to 6.70% (2024: 4.22% to 6.70%) per annum and are secured by the Group's plant and machinery, motor vehicles and furniture and fittings under hire purchase arrangements as disclosed in Note 5(a).

(d) Bankers' acceptances and invoice financing

Bankers' acceptances and invoice financing bear interest ranging from 4.58% to 6.83% (2024: 4.54% to 4.63%) per annum and are secured and supported as follows:

- (i) Legal charge over the leasehold land and buildings of the Group as disclosed in Note 5;
- (ii) Legal charge over fixed deposits together with all interest as disclosed in Note 10; and
- (iii) Secure against corporate guarantee.

14. DEFERRED INCOME

	Group	
	2025	2024
	RM	RM
Non-current		
Government grants:		
At 1 November	241,089	74,654
Received during the financial year	-	181,800
Released to profit or loss	(25,970)	(15,365)
Less: Amount to be released within twelve months	(25,970)	(25,970)
	189,149	215,119
Current		
Government grants	25,970	25,970
	215,119	241,089

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DEFERRED TAX LIABILITIES

	At 1 November 2024 RM	Recognised in profit or loss (Note 23) RM	At 31 October 2024 RM	Recognised in profit or loss (Note 23) RM	At 31 October 2025 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	(713,812)	157,904	(555,908)	(235,114)	(791,022)
Unrealised foreign exchange	(425,644)	454,423	28,779	52,366	81,145
	(1,139,456)	612,327	(527,129)	(182,748)	(709,877)
Deferred tax assets:					
Impairment loss on trade receivables	36,357	29,419	65,776	60,542	126,318
	(1,103,099)	641,746	(461,353)	(122,206)	(583,559)

Unrecognised deferred tax assets

	2025 RM	Group 2024 RM
Unused tax losses	39,782,676	37,558,017
Unabsorbed capital allowance	7,169,018	6,096,336
	46,951,694	43,654,353
Potential deferred tax benefit at 24%	11,268,407	10,477,045

The availability of unused tax losses for offsetting against future taxable profits of the Group are subject to requirements under the Income Tax, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following years:

	2025 RM	Group 2024 RM
2028	25,994,311	25,994,311
2030	756,321	756,321
2031	2,765,174	2,765,174
2032	2,695,894	2,695,894
2033	3,197,739	3,197,739
2034	2,148,578	2,148,578
2035	2,224,659	-
	39,782,676	37,558,017

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade payables	(a)				
– Third parties		11,359,963	9,792,885	-	-
Retention sums		894,284	664,816	-	-
		12,254,247	10,457,701	-	-
Non-trade					
Other payables		1,284,886	421,878	18,727	38,359
Accruals		2,571,902	3,835,885	219,126	267,536
Amount owing to a related party	(b)	649,382	-	-	-
Amount owing to a director	(c)	51,000	-	-	-
		4,557,170	4,257,763	237,853	305,895
Total trade and other payables		16,811,417	14,715,464	237,853	305,895

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2024: 7 to 90 days).

(b) Amount owing to a related party is unsecured, subject to interest at rates ranging from 4.66% to 5.13% per annum, repayable on demand and is expected to be settled in cash.

(c) Amount owing to a director is unsecured, non-trade in nature, repayable on demand, interest free and is expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26 (b) (ii).

17. REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contract with customers:				
Over time:				
Design, fabrication, installation and/or commissioning solution	133,549,789	112,958,380	-	-
Precision engineering	2,140,441	-	-	-
Power generation and sales of electricity	103,163	156,048	-	-
At a point in time:				
Sales of steam, thermal energy, biofuels, biomass, plantation of biomass fuel stock	-	3,360	-	-
	135,793,393	113,117,788	-	-
Revenue from other source:				
Dividend income	-	-	11,000,000	52,206
	135,793,393	113,117,788	11,000,000	52,206

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. REVENUE (CONT'D)

As of 31 October 2025, the aggregate amount of the transaction price allocated to the remaining performance obligation for construction contracts is RM108,239,579 which is expected to be recognised in the future related to performance obligations.

18. OTHER INCOME

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Amortisation of government grant income		25,970	15,365	-	-
Bad debts recovered		149,960	174,053	-	-
Gain on bargain purchase	6	845,813	-	-	-
Gain on disposal of property, plant and equipment		65,497	-	-	-
Gain on termination of lease		-	425	-	-
Insurance claimed		11,614	14,795	-	-
Miscellaneous		70,014	204,703	18,377	-
Net realised foreign exchange gain		275	-	-	-
Waiver of debts		10,261	-	-	-
		1,179,404	409,341	18,377	-

19. FINANCE INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest income on short-term deposits	1,287,906	1,232,964	838,611	264,093

20. FINANCE COSTS

	Group	
	2025 RM	2024 RM
Interest expense on:		
- Term loan	15,504	220,659
- Lease liabilities	30,286	2,364
- Hire purchase payables	42,899	64,619
- Bankers' acceptances	131,862	64,570
	220,551	352,212

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax:

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration					
– statutory audit:					
– Baker Tilly Monteiro Heng PLT		152,000	122,000	49,000	25,000
– Other auditor		15,000	-	-	-
Other services:					
– Baker Tilly Monteiro Heng PLT		37,000	131,000	37,000	21,000
– Member firms of Baker Tilly International		21,500	19,700	1,800	1,800
Depreciation of property, plant and equipment	5	4,847,451	3,285,215	-	-
Employee benefits expense	22	16,952,126	14,520,468	157,833	178,000
Expenses relating to short-term lease		104,500	67,700	-	-
Expenses relating to lease of low value assets		69,318	33,820	-	-
Impairment loss on trade receivables	8	252,259	122,581	-	-
Net realised foreign exchange loss		95,847	-	-	-
Net unrealised foreign exchange loss		344,213	118,118	-	-
Loss on disposal of property, plant and equipment		-	107,296	-	-
Property, plant and equipment written off		4,077	-	-	-

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, bonuses and allowances	15,005,421	13,093,534	157,833	178,000
Defined contribution plans	1,414,328	1,049,623	-	-
Other staff related expenses	532,377	377,311	-	-
	16,952,126	14,520,468	157,833	178,000

Included in employee benefits expense are:

Directors of the Company

Executive directors:

– Other emoluments	1,312,015	1,007,745	-	-
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Non-executive directors:

– Fees	148,333	160,000	148,333	160,000
– Other emoluments	15,500	18,000	15,500	18,000

	163,833	178,000	163,833	178,000
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	1,475,848	1,185,745	163,833	178,000
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The estimated value of benefits-in-kind provided to the directors of the Company during the financial year amounted to RM34,338 (2024: RM37,221).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 October 2025 and 31 October 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	8,558,231	8,782,626	160,000	63,382
- Adjustment in respect of prior year	(264,308)	360,265	(54,271)	-
	8,293,923	9,142,891	105,729	63,382
Deferred tax (Note 15):				
- Origination of temporary differences	(105,884)	(497,075)	-	-
- Adjustment in respect of prior year	228,090	(144,671)	-	-
	122,206	(641,746)	-	-
Income tax expense recognise in profit or loss	8,416,129	8,501,145	105,729	63,382

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated taxable profit/(loss) for the financial years.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit/(loss) before tax	30,684,264	26,509,835	10,929,772	(3,582,856)
Tax at Malaysian statutory income tax rate of 24%	7,364,223	6,362,360	2,623,145	(859,885)
Adjustments:				
- Income not subject to tax	(65,734)	(95,019)	(2,640,000)	(12,529)
- Non-deductible expenses	362,496	1,497,241	176,855	935,796
- Deferred tax not recognised on tax losses and temporary differences	791,362	520,969	-	-
- Adjustment in respect of current income tax of prior year	(264,308)	360,265	(54,271)	-
- Adjustment in respect of deferred tax of prior year	228,090	(144,671)	-	-
Income tax expense	8,416,129	8,501,145	105,729	63,382

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. EARNING PER SHARE

(a) Basic earning per ordinary share

The basic earning per ordinary share are based on the profit for the financial year attributable to ordinary equity holders of the Group and weighted average number of ordinary shares outstanding during the financial year.

The basic earning per ordinary share are computed as follows:

	Group	
	2025	2024
	RM	RM
Profit attributable to owners of the Company	23,441,316	18,008,690
Weighted average number of ordinary shares:		
Number of ordinary shares in issue as of 1 November	550,000,000	10,200,001
Effect of issuance of ordinary shares	-	330,730,959
	550,000,000	340,930,960
Basic earning per share (RM)	0.04	0.05

(b) Diluted earning per ordinary share

The diluted earning per share of the Company for the financial year ended 31 October 2025 and 31 October 2024 are equal to the basic earning per share of the Group as there are no potential dilutive ordinary shares in issue.

25. DIVIDENDS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Recognised during the financial year:				
Dividends on ordinary shares:				
- Single-tier interim dividend of RM0.34 per ordinary share for the financial year ended 31 October 2024, paid on 18 January 2024*	-	5,000,000	-	-
- Single-tier interim dividend of RM0.34 per ordinary share for the financial year ended 31 October 2024, paid on 2 February 2024*	-	5,000,000	-	-
- Single-tier interim dividend of RM0.0125 per ordinary share for the financial year ended 31 October 2025, paid on 30 December 2024	6,875,000	-	6,875,000	-
	6,875,000	10,000,000	6,875,000	-

* It represents the dividend declared by a subsidiary, KESB to its shareholders prior to the acquisition by the Company.

On 13 February 2026, the directors declared a single tier interim dividend of 1 sen per ordinary share which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned at amortised cost:

	Carrying amount RM	Amortised cost RM
Group		
At 31 October 2025		
Financial assets		
Trade and other receivables, less prepayments	33,316,708	33,316,708
Cash and short-term deposits	41,587,517	41,587,517
	<u>74,904,225</u>	<u>74,904,225</u>
Group		
At 31 October 2025		
Financial liabilities		
Loans and borrowings, less lease liabilities	(7,736,423)	(7,736,423)
Trade and other payables	(16,811,417)	(16,811,417)
	<u>(24,547,840)</u>	<u>(24,547,840)</u>
Company		
At 31 October 2025		
Financial assets		
Other receivables, less prepayments	5,301,000	5,301,000
Cash and short-term deposits	21,735,702	21,735,702
	<u>27,036,702</u>	<u>27,036,702</u>
Financial liability		
Other payables	(237,853)	(237,853)
	<u>(237,853)</u>	<u>(237,853)</u>
Group		
At 31 October 2024		
Financial assets		
Trade and other receivables, less prepayments	23,838,273	23,838,273
Cash and short-term deposits	57,338,024	57,338,024
	<u>81,176,297</u>	<u>81,176,297</u>
Financial liabilities		
Loans and borrowings, less lease liabilities	(2,069,026)	(2,069,026)
Trade and other payables	(14,715,464)	(14,715,464)
	<u>(16,784,490)</u>	<u>(16,784,490)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned at amortised cost: (cont' d)

	Carrying amount RM	Amortised cost RM
Company		
At 31 October 2024		
Financial assets		
Other receivables, less prepayments	1,800	1,800
Cash and bank balances	23,850,098	23,850,098
	23,851,898	23,851,898
Financial liability		
Other payables	(305,895)	(305,895)
	(305,895)	(305,895)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institution, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than credit term unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

Credit risk concentration profile

At the end of the reporting periods, the Group has a significant concentration of credit risk in the form of one (1) (2024: three (3)) major trade receivables, representing approximately 29% (2024: 45%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. The Group uses a provision matrix to measure expected credit losses for trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Company's core operations. The Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

	Contract assets	Current	Trade receivables					Total
			1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	>120 days past due	
Group								
31 October 2025								
Expected credit loss rate	0%	0%	2%	3%	5%	1%	3%	2%
Gross carrying amount at default (RM)	40,359,753	19,075,141	1,334,191	1,507,710	2,156,945	1,222,630	8,178,748	33,475,365
Impairment losses (RM)	-	68,030	24,045	38,764	106,757	9,452	279,279	526,327
Group								
31 October 2024								
Expected credit loss rate	0%	1%	1%	3%	0%	1%	2%	1%
Gross carrying amount at default (RM)	22,832,466	10,123,371	3,563,026	655,119	1,918,140	1,342,913	4,996,855	22,599,424
Impairment losses (RM)	-	118,393	30,884	20,368	1,215	20,070	83,138	274,068

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

At the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

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 facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	← Contractual cash flows →			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
Group					
31 October 2025					
Trade and other payables	16,811,417	16,811,417	-	-	16,811,417
Term loan	1,674,330	371,422	1,466,303	-	1,837,725
Lease liabilities	1,690,478	614,541	728,010	796,855	2,139,406
Hire purchase payables	790,443	541,754	279,771	-	821,525
Invoice financing	5,271,650	5,271,650	-	-	5,271,650
	26,238,318	23,610,784	2,474,084	796,855	26,881,723
31 October 2024					
Trade and other payables	14,715,464	14,715,464	-	-	14,715,464
Lease liabilities	31,229	23,030	9,000	-	32,030
Hire purchase payables	1,069,026	586,174	549,253	-	1,135,427
Bankers' acceptances	1,000,000	1,000,000	-	-	1,000,000
	16,815,719	16,324,668	558,253	-	16,882,921
Company					
31 October 2025					
Other payables	237,853	237,853	-	-	237,853
31 October 2024					
Other payables	305,895	305,895	-	-	305,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency). Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The foreign currencies in which these transactions are denominated are United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR").

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	2025 RM	Group 2024 RM
At 31 October		
Financial assets and liabilities not held in functional currencies:		
<u>Trade receivables</u>		
USD	2,345,559	4,512,784
SGD	865,748	501,059
	3,211,307	5,013,843
<u>Cash and short-term deposits</u>		
USD	8,023,057	5,001,216
SGD	1,231,955	2,083,696
EUR	1,297,679	134,579
	10,552,691	7,219,491
<u>Trade payables</u>		
USD	-	85,833

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure mainly relates to USD, SGD and EUR.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD and EUR with all other variables held constant on the Group's total equity and profit for the financial years:

	Change in rate %	Effect on profit for the financial year/ equity RM
At 31 October 2025		
USD	+5	394,007
	-5	(394,007)
SGD	+5	79,713
	-5	(79,713)
EUR	+5	49,312
	-5	(49,312)
<hr/>		
At 31 October 2024		
USD	+5	358,270
	-5	(358,270)
SGD	+5	98,221
	-5	(98,221)
EUR	+5	5,114
	-5	(5,114)
<hr/>		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

Any reasonable possible change in the interest rate at the end of the financial year does not have material impact on the equity and profit for the financial year of the Group, hence, no sensitivity analysis is presented.

(c) Fair value measurement

The carrying amount of cash and short-term deposits, short-term receivables and payables and short-term loans and borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1 and Level 2 during the financial year (2024: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
At 31 October 2025					
Financial liability					
Hire purchase payables	790,443	-	-	821,525	821,525
At 31 October 2024					
Financial liability					
Hire purchase payables	1,069,026	-	-	1,135,427	1,135,427

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of hire purchase payables are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

- (i) Fellow subsidiaries;
- (ii) Entity in which a person connected to a director that has a substantial financial interests;
- (iii) Entity in which a director has a substantial financial interests; and
- (iv) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Dividend income				
- Subsidiaries	11,000,000	10,000,000	-	-

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 8 and 16.

(c) Compensation of key management personnel

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fees	148,333	160,000	148,333	160,000
Salaries, bonuses and allowances	2,159,544	1,727,040	15,500	18,000
Defined contribution plans	238,485	174,099	-	-
Other staff related expenses	16,502	11,752	-	-
	<u>2,562,864</u>	<u>2,072,891</u>	<u>163,833</u>	<u>178,000</u>

The estimated value of benefits-in-kind provided to the key management personnel of the Group during the financial year amounted to RM56,638 (2024: RM60,462)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 October 2025 and 31 October 2024.

The Group and the Company monitor capital using net gearing ratio. The net gearing ratio is calculated as net debts divided by total equity. The net gearing ratio as at 31 October 2025 and 31 October 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loans and borrowings	9,426,901	2,100,255	-	-
Trade and other payables	16,811,417	14,715,464	237,853	305,895
Less: Cash and short-term deposits	(41,587,517)	(57,338,024)	(21,735,702)	(23,850,098)
Net debts	(15,349,199)	(40,522,305)	(21,497,849)	(23,544,203)
Total equity	111,952,569	93,440,907	77,130,240	73,181,197
Gearing ratio	*	*	*	*

* Not meaningful as the Group and the Company are in net cash position.

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a gearing ratio of 2.5 times to comply with a bank covenant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Products and services
Design, fabrication, installation and/or commissioning solutions	Design, fabrication, installation and/or commissioning for industrial process equipment, industrial process plants and renewable energy and co-generation plants
Precision engineering	Precision engineering specialising in the manufacturing and engineering of high technology products
Others	Provision of IPP involved in power generation and sale of electricity, steam, thermal energy, biofuels, biomass, plantation of biomass fuel stock

Other non-reportable segments involved in business of investment holding which are below the quantitative thresholds for determining reportable segments.

Inter-segment pricing is determined on negotiated basis.

Factors used to identify reportable segments

The design, fabrication, installation and/or commissioning solution business is the reportable contract segment due to long-term profit margins. This operating segment is evaluated internally as a single business unit.

The power generation and sale of electricity segment are identified as separate reportable segments due to the regulatory environments in which the business operates.

The precision engineering is identified as separate reportable segment due to its specialised services in which the business operate.

Segment profit

Segment performance is used to measure performance as Group's Managing Director believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within these industries.

Segment assets and liabilities

Segments assets and liabilities information are neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segments assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONT'D)

31 October 2025

Revenue:

Revenue from external customer
Inter-segment revenue

Note	Design, fabrication, installation and/or commissioning solutions RM	Precision engineering RM	Others RM	Adjustments and eliminations RM	Total RM
A	133,549,789 6,418,462	2,140,441 -	103,163 1,000,000	- (17,418,462)	135,793,393 -
	139,968,251	2,140,441	11,103,163	(17,418,462)	135,793,393
	149,960 (2,360,674) (15,854,511) (100,900) (55,920) 447,962 (178,050) 65,497 (252,259) (95,847) (338,105) (4,077)	- (1,402,954) (770,187) - (13,398) - (20,349) - - - - -	- (1,083,823) (327,429) (3,600) - 839,944 (22,152) - - - - -	- - - - - - - - - - -	149,960 (4,847,451) (16,952,127) (104,500) (69,318) 1,287,906 (220,551) 65,497 (252,259) (95,847) (338,105) (4,077) 10,261

Results:

Included in the measure of segment profit/(loss) are:

Bad debts recovered
Depreciation of property, plant and equipment
Employee benefits expense
Expenses relating to short-term lease
Expenses relating to low value assets
Finance income
Finance costs
Gain on disposal of property, plant and equipment
Impairment loss on trade receivables
Net loss on realised foreign exchange
Net loss on unrealised foreign exchange
Property, plant and equipment written off
Waiver of debts

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONT'D)

	Note	Design, fabrication, installation and/or commissioning solutions RM	Precision engineering RM	Others RM	Adjustments and eliminations RM	Total RM
31 October 2025						
Segment profit/(loss)	B	33,025,505	(2,394,247)	712,408	(659,402)	30,684,264
Income tax expense		(8,262,400)	-	(105,729)	(48,000)	(8,416,129)
Profit/(Loss) for the financial year	B	24,763,105	(2,394,247)	606,679	(707,402)	22,268,135
Assets:						
Segment assets	C	127,139,979	8,892,644	82,265,928	(68,293,950)	150,004,601
Liabilities:						
Segment liabilities		38,497,060	4,922,551	7,176,211	(15,031,057)	35,564,765
Deferred tax liabilities		535,559	-	-	48,000	583,559
Current tax liabilities		1,855,135	-	48,573	-	1,903,708
Total liabilities	D	40,887,754	4,922,551	7,224,784	(14,983,057)	38,052,032

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONT'D)

	Note	Design, fabrication, installation and/or commissioning solutions RM	Others RM	Adjustments and eliminations RM	Total RM
31 October 2024					
Revenue:					
Revenue from external customer		112,958,380	159,408	-	113,117,788
Inter-segment revenue	A	776,470	52,206	(828,676)	-
		113,734,850	211,614	(828,676)	113,117,788
Results:					
Included in the measure of segment profit/(loss) are:					
Bad debts recovered		174,053	-	-	174,053
Depreciation of property, plant and equipment		(2,216,976)	(1,068,239)	-	(3,285,215)
Employee benefits expense		(13,930,288)	(590,180)	-	(14,520,468)
Expenses relating to short-term lease		(66,200)	(1,500)	-	(67,700)
Expenses relating to low value assets		(33,820)	-	-	(33,820)
Finance income		967,457	265,507	-	1,232,964
Finance costs		(352,122)	(90)	-	(352,212)
Impairment loss on trade receivables		(122,581)	-	-	(122,581)
Loss on disposal of property, plant and equipment		(107,296)	-	-	(107,296)
Net loss on unrealised foreign exchange		(118,118)	-	-	(118,118)
31 October 2024					
Segment profit/(loss)	B	31,764,146	(5,233,429)	(20,882)	26,509,835
Income tax expense		(8,437,763)	(63,382)	-	(8,501,145)
Profit/(Loss) for the financial year	B	23,326,383	(5,296,811)	(20,882)	18,008,690
Assets:					
Segment assets	C	107,553,028	85,330,853	(65,426,138)	127,457,743
Current tax assets		100,000	-	-	100,000
Total assets		107,653,028	85,330,853	(65,426,138)	127,557,743
Liabilities:					
Segment liabilities		32,874,977	3,958,006	(5,668,460)	31,164,523
Deferred tax liabilities		461,353	-	-	461,353
Current tax liabilities		2,427,578	63,382	-	2,490,960
Total liabilities	D	35,763,908	4,021,388	(5,668,460)	34,116,836

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A) Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B) Reconciliation of profit or loss

Profit/(loss) from other segment transactions are eliminated on consolidation.

C) Reconciliation of assets

	2025	2024
	RM	RM
Investment in subsidiaries	52,746,208	58,346,208
Amounts owing by subsidiaries	12,983,310	5,321,835
Contract assets	1,069,431	463,094
Intra-group transactions	1,495,001	1,295,001
	68,293,950	65,426,138

D) Reconciliation of liabilities

	2025	2024
	RM	RM
Amount owing to holding company	5,300,000	2,384,693
Amounts owing to subsidiaries	7,683,310	2,937,142
Contract liabilities	2,047,747	346,625
	15,031,057	5,668,460

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location and customers are as follows:

	Revenue RM	Non-current assets RM
31 October 2025		
Malaysia	127,170,560	29,767,476
Singapore	2,924,759	-
United Kindom	1,557,133	-
Australia	1,505,312	-
United States	1,349,838	-
Others	1,285,791	-
	<hr/> 135,793,393	<hr/> 29,767,476
31 October 2024		
Malaysia	97,689,464	20,209,313
United States	9,624,741	-
Indonesia	1,963,178	-
Singapore	1,933,534	-
Others	1,906,871	-
	<hr/> 113,117,788	<hr/> 20,209,313

Information about major customer

For design, fabrication, installation and/or commissioning solution, revenue from one (1) (2024: one (1)) customer represented RM30,081,570 (2024: RM16,220,801) of the Group's total revenue.

STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **LIM THOU LAI** and **HENG SIEW AUN**, being two of the directors of KAWAN RENERGY BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 110 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2025 and of their financial performance and cash flows for the financial year then ended.

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

.....
LIM THOU LAI
Director

.....
HENG SIEW AUN
Director

Date: 13 February 2026

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **DORIS TAN CHUEN CHUEN**, being the officer primarily responsible for the financial management of KAWAN RENERGY BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 110 to 162 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
DORIS TAN CHUEN CHUEN
(MIA Membership No: 14633)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 February 2026.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kawan Renergy Berhad, which comprise the statements of financial position as at 31 October 2025 of the Group and of the Company, and the 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 110 to 162.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most 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 the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Revenue recognition for construction activities (Notes 4(a) and 17 to the financial statements)

The Group's accounting policy is to recognise the revenue for construction activities over the period of contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of performance obligation is to be determined by reference to proportion of costs incurred for works performed to date bear to the estimated total costs for each project (input method).

We focused on this area because the Group's revenue recognition for construction activities requires the exercise of significant judgement to be made by the managements, particularly in determining the progress towards satisfaction of a performance obligation, the extent of the costs incurred, the estimated total contracts revenue and costs, as well as the recoverability of the contract projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with selected customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms and discussing with the managements; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables (Notes 4(b) and 8 to the financial statements)

The Group has significant trade receivables as at 31 October 2025.

We focused on this area because the Group's expected credit losses assessment requires the exercise of significant judgement to be made by the directors, especially in determining the risk of default and expected credit loss rate, which are based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period. These judgements and assumptions by directors inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the significant credit exposures through reading of ageing reports;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and the managements' explanation on recoverability with significantly past due balances; and
- testing the mathematical computation of expected credit losses as at the end of the reporting period.

Property, plant and equipment (Notes 4(c) and 5 to the financial statements)

The Group assesses the impairment of property, plant and equipment of a subsidiary whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

We focused on this area because the Group's determination of recoverable amount requires the exercise of significant judgement to be made by the directors, especially in determining the appropriate valuation methods and the key assumptions used in the valuation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the competence, capabilities and objectivity of the external valuer which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement;
- reading the valuation reports and discussing with external valuer on their valuation approach and the significant judgements they made; and
- understanding the relevance of the key input data used by the external valuers.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

Business Combination (Notes 4(d) and 6 to the financial statements)

During the financial year ended 31 October 2025, the Group acquired a subsidiary.

We focus on this area because it required the exercise of significant judgement to be made by the directors to determine whether the transaction should be accounted for as a business combination or as the acquisition of an asset. In the accounting process, the directors are also required to apply their judgement in the purchase price allocation, particularly concerning the valuation of assets and liabilities and the remaining bargain purchase balance.

Our response:

Our audit procedures included, among others:

- read the share sales agreement and discussing with the directors in relation to the accounting treatment on the acquisition;
- discussing with the directors on the identifiable assets acquired and the liabilities assumed at the acquisition date;
- understanding the work performed by management's experts in respect of the valuation of assets;
- testing the mathematical computation in the allocation of the purchase price to the different assets and liabilities

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of 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.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KAWAN RENERGY BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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 6 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2026 J
Chartered Accountant

Kuala Lumpur

Date: 13 February 2026

LIST OF PROPERTIES

Owner Company	Location and Address of Properties	Brief Description of property and Existing use	Land area / Built-up area (sq ft)	Age of Building (Years)	Tenure and Year of Expiry	Date of acquisition	NBV as at 31 October 2025 (RM'million)
Kawan Engineering Sdn. Bhd.	PN 89535, Lot 181684, Mukim Hulu Kinta, Daerah Kinta, Perak Property address: No. 18, Lebuhr Perusahaan 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak	A parcel of industrial land with a single-storey open-sided factory with attic, a double-storey office with attic and other ancillary buildings (Factory 1) / Headquarter, factory and storage / Industrial	90,449 / 60,007	19	Leasehold of 99 years expiring on 17 October 2089 (approximately 64 years remaining as at 31 October 2025)	15 September 2004	1.9
Kawan Engineering Sdn. Bhd.	PN 89481, Lot 181630, Mukim Hulu Kinta, Daerah Kinta, Perak Property address: Lot 181630, Lebuhr Perusahaan 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak /	A parcel of industrial land with a single-storey open-sided factory, a double-storey office and other ancillary buildings (Factory 2) / Factory and storage / Industrial	91,999 / 63,825	13	Leasehold of 99 years expiring on 17 October 2089 (approximately 64 years remaining as at 31 October 2025)	22 June 2009	2.7
Kawan Engineering Sdn. Bhd.	PN 89536, Lot 181685, Mukim Hulu Kinta, Daerah Kinta, Perak Property address: No. 25, Lebuhr Perusahaan 1, Kawasan Perusahaan IGB, 31200 Ipoh, Perak /	A parcel of industrial land with 2 single-storey open-sided detached factory, a single-storey warehouse and other ancillary buildings (Factory 3) / Factory and storage / Industrial	130,265 / 42,560	27	Leasehold of 99 years expiring on 17 October 2089 (approximately 64 years remaining as at 31 October 2025)	1 April 2022	7.9

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JANUARY 2026

Issued and Paid-Up Share Capital	: RM550,000,000
Number of Issued Shares	: 550,000,000 ordinary shares
Class of Shares	: Ordinary shares
Number of Shareholders	: 2,643
Voting Rights	: One (1) vote per ordinary share held, on poll voting

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 JANUARY 2026

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	23	0.870	549	0.000
100 – 1,000	508	19.220	223,600	0.040
1,001 – 10,000	1,197	45.289	6,335,600	1.151
10,001 – 100,000	762	28.830	24,811,651	4.511
100,001 – < 5% of shares*	152	5.751	154,968,600	28.176
5% and above **	1	0.037	363,660,000	66.120
TOTAL	2,643	100.000	550,000,000	100.000

Notes: –

* Less than 5% of the issued and paid-up share capital (excluding treasury shares)

** 5% and above of the issued and paid-up share capital (excluding treasury shares)

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 JANUARY 2026

Name of Directors	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
1. Dato' Ir. Mohd Yusof bin Mohd Isa	0	0.000	-	-
2. Lim Thou Lai	363,660,000	66.120	-	-
3. Chong Hon Choong	6,388,500	1.161	-	-
4. Heng Siew Aun	11,000,000	2.000	-	-
5. Loh Leng Sem	75,000	0.013	-	-
6. Woo Ah Kek	0	0.000	-	-
7. Wong Fee Sang	0	0.000	-	-

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JANUARY 2026

Name of Substantial Shareholders	No. of Shares (Direct)	Percentage (%)	No. of Shares (Indirect)	Percentage (%)
1. Lim Thou Lai	363,660,000	66.120	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 30 JANUARY 2026 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 JANUARY 2026 (BASED ON RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	LIM THOU LAI	363,660,000	66.120
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	19,291,900	3.507
3.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AHAM AIIMAN GROWTH FUND	17,696,500	3.217
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)	11,444,300	2.080
5.	HENG SIEW AUN	11,000,000	2.000
6.	LIM THOU KIONG	6,600,000	1.200
7.	CHONG HON CHOONG	6,388,500	1.161
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR-ARECA CAPITAL SDN BHD (CLIENTS' ACCOUNT)	4,972,200	0.904
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR ONE KL FAMILY OFFICE SDN. BHD.	4,275,100	0.777
10.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)	3,636,800	0.661
11.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	3,374,200	0.613
12.	AMANAHRAYA TRUSTEES BERHAD PMB DANA BESTARI	3,000,000	0.545
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD ONE IFC HOTEL SDN. BHD.	2,720,700	0.494
14.	LAU PENG LEE	2,503,000	0.455
15.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD ONE IFC RESIDENCE SDN BHD	2,015,100	0.366
16.	AMANAHRAYA TRUSTEES BERHAD AHAM PRINCIPLED GROWTH FUND	1,840,800	0.334
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA) (410196)	1,770,800	0.321
18.	AMANAHRAYA TRUSTEES BERHAD AHAM AIIMAN QUANTUM FUND	1,649,700	0.299
19.	NUM SIEW YOKE	1,591,800	0.289
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA AMANAH SAHAM WANITA (N14011980040)	1,394,600	0.253
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KENANGA ISLAMIC INVESTORS BHD FOR TABUNG WARISAN NEGERI SELANGOR	1,348,800	0.245
22.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR P.C.M. SDN BHD	1,329,500	0.241

ANALYSIS OF SHAREHOLDINGS AS AT 30 JANUARY 2026 (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 JANUARY 2026 (CONT'D) (BASED ON RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares	Percentage (%)
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA DIVIDEND INCOME FUND (412723)	1,325,200	0.240
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA ONEPRS GROWTH FUND (420119)	1,248,700	0.227
25.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MARA	1,200,000	0.218
26.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LAI HOE YAN	1,180,000	0.214
27.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA ISLAMIC BALANCED FUND	1,148,600	0.208
28.	SHARIZAN BIN ABD BAHRIN	1,145,300	0.208
29.	LEE YEW LUAN	1,065,000	0.193
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR AHAM EQUITY FUND (930090)	1,046,300	0.190
TOTAL		482,863,400	87.793

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting (“3rd AGM” and/or “AGM”) of Kawan Renergy Berhad (“the Company” or “KRB”) will be held at Impiana Hotel, The Ballroom Perak 1&2, Ground Floor, 18, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 17 April 2026 at 10.00 a.m. or at any adjournment thereof for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|--|---|
| 1. | To receive Audited Financial Statements for the year ended 31 October 2025 together with the Directors’ and Auditors’ Reports thereon. | Please refer to Explanatory Note 1 |
| 2. | To approve of the payment of Directors’ fees and other benefits up to RM300,000.00 from the date immediately after the 2026 AGM until the next AGM of the Company to be held in year 2027. | Ordinary Resolution 1 |
| 3. | To re-elect Ms. Heng Siew Aun as Director of the Company who retires in accordance with clause 76 of the Constitution. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors of the Company who retire in accordance with clause 78 of the Constitution of the Company: | |
| | (i) Dato’ Ir. Mohd Yusof Bin Mohd Isa | Ordinary Resolution 3 |
| | (ii) Mr. Woo Ah Kek | Ordinary Resolution 4 |
| | (iii) Ms. Wong Fee Sang | Ordinary Resolution 5 |
| 5. | To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company to hold office until the next AGM and to authorize the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions: –

- | | | |
|----|--|------------------------------|
| 6. | AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Ordinary Resolution 7 |
|----|--|------------------------------|

THAT pursuant to Sections 75 and 76 of Companies Act 2016 (“the Act”), the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad 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 AGM of the Company.

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

By Order of the Board

WONG YOUN KIM

(MAICSA 7018778) (SSM PC No. 201908000410)

Company Secretary

Kuala Lumpur

27 February 2026

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 14 April 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. 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. An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By Electronic Form
The Proxy Form can be electronically lodged via Vistra Share Registry and IPO (MY) Portal ("The Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide on the procedures for the electronic lodgement of Proxy Form via The Portal.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

11. Last date and time for lodging this proxy form is Thursday, 16 April 2026 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner)
13. For a corporate member who has appointed a representative instead of a proxy to attend this Meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Explanatory Notes on Agenda Item:

1. Agenda item 1 – Audited Financial Statements

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and they do not require shareholders' approval. Hence, this Agenda is not put forward for voting.

2. Agenda Item 2 – Directors' Fees and Other Benefits

Section 230(1) of the Companies Act, 2016 provides amongst others, that "fees" of the Directors and "any benefits" payable to Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Pursuant thereto, shareholders' approval is sought under Ordinary Resolution 1 on payment of Non-Executive Directors' fees and Directors' benefits of the Company as set out below:

Ordinary Resolution 1 : Payment of Non-Executive Directors' fees and Directors' benefits of the Company from the date immediately after the 2026 AGM until the next AGM of the Company to be held in year 2027.

Summary of the Payment of Directors' fees and Directors' benefits to Non-Executive Directors are as follows:

Description	Non-Executive Chairman	Non-Executive Directors / Members
Directors' Fees	RM54,000 per annum	RM54,000 per annum

Description	Non-Executive Directors / Members
Meeting Allowance for Board Committees and Directors' Meetings	RM500 per meeting

3. Re-election of Directors

All the Directors of the Company who are seeking re-election at the 2026 AGM (the "Retiring Directors") pursuant to Clauses 76.3 and 78 of the Company's Constitution respectively and being eligible, have offered themselves for re-election under Ordinary Resolutions 2, 3, 4 and 5 respectively.

The Board has via the Nomination Committee had conducted an assessment on the effectiveness and contributions of the abovesaid Retiring Directors including their skills, experience, competency and time commitments, and has recommended for them to be re-elected to the Board. The profiles of the Retiring Directors are set out in the Profile of Directors of the Annual Report 2025.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Re-Appointment Of External Auditors ("EA")

The Audit and Risk Management Committee ("ARMC") has carried out an assessment of the suitability and independence of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, audit work approach and performance of the work within KRB Group's timeline by completing an assessment questionnaire.

The ARMC in its assessment found Messrs Baker Tilly Monteiro Heng PLT to be sufficiently objective and independent and was satisfied with the suitability based on the quality of audit, performance and resources in terms of their audit team provided to the Group.

The Board, therefore, approved the ARMC's recommendation that the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as External Auditors of the Company for the financial year ending 31 October 2026 be put forward for the shareholders' approval at the 2026 AGM.

5. Agenda Item 6 – Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act")

The proposed Resolution 7 under item 6 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

This general mandate is a renewal of the mandate that was approved by the Shareholders at the Second Annual General Meeting held on 17 April 2025. The renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

As at the date of this notice of meeting, no shares have been issued pursuant to the general mandate granted at the Second AGM of the Company.

ANNUAL REPORT 2025 AND CORPORATE GOVERNANCE REPORT 2025

The Annual Report 2025 and Corporate Governance Report 2025 can be downloaded at www.kawan-renergy.com.my

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KAWAN RENERGY BERHAD

[202201039658 (1485355-U)]

CDS Account No.	
No. of shares held	

PROXY FORM

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____

being member(s) of **KAWAN RENERGY BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or * (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company at held at Impiana Hotel, The Ballroom Perak 1&2, Ground Floor, 18, Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 17 April 2026 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Ordinary	For	Against
To approve of the payment of Directors' fees and other benefits up to RM300,000.00 from the date immediately after the 2026 AGM until the next AGM of the Company to be held in year 2027	Resolution 1		
Re-election of Ms. Heng Siew Aun	Resolution 2		
Re-election of Dato' Ir. Mohd Yusof Bin Mohd Isa	Resolution 3		
Re-election of Mr. Woo Ah Kek	Resolution 4		
Re-election of Ms Wong Fee Sang	Resolution 5		
To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company to hold office until the next AGM and to authorize the Directors to fix their remuneration	Resolution 6		
Special Business			
Authority to Issue Shares	Resolution 7		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____

Signature *
Member

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated

NOTES:

1. For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 14 April 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
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6. 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. An exempt authorised nominee refers to an authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

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AFFIX
STAMP

To : The Share Registrar

KAWAN RENERGY BERHAD [202201039658 (1485355-U)]
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

2nd Fold Here

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the drop-in box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By Electronic Form
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9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Thursday, 16 April 2026 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner)
13. For a corporate member who has appointed a representative instead of a proxy to attend this Meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

Fold This Flap For Sealing

The logo for Kawan features the word "Kawan" in a bold, red, stylized font. The letter 'a' is unique, with a red arrow pointing upwards and to the right from its top. A registered trademark symbol (®) is positioned to the upper right of the 'n'.

KAWAN RENERGY BERHAD

(Registration No. 202201039658 (1485355-U))

HEAD OFFICE:

18, Lebuhr Perusahaan 1,
IGB Industrial Park, 31200 Ipoh, Perak

Tel: +605-2913 840

Email: enquiries@kawan-renergy.com.my

www.kawan-renergy.com.my