

Audit And Risk Management Committee Report

The Board of Director (“**Board**”) of Solar District Cooling Group Berhad (“**SDCG**” or “**Company**”) is pleased to present the Audit and Risk Management Committee Report (“**ARMC Report**”) for the financial year ended 31 December 2025 (“**FYE 2025**”). The ARMC Report provides insights into the manner the ARMC has discharged its duties and responsibilities in accordance with its Terms of Reference for FYE 2025.

The ARMC was established to assist the Board in fulfilling its oversight responsibilities, specifically in the areas of corporate governance, risk management, internal control and financial reporting of SDCG and its subsidiary companies (“**Group**”), as well as other areas of responsibilities that may be promulgated by the ACE Market Listing Requirements (“**AMLR**”) and the Malaysian Code on Corporate Governance 2021 (“**MCCG**”) from time to time. The duties, responsibilities and authority of the ARMC are set out in Terms of Reference (“**TOR**”) which have been approved by the Board, a copy of which is available for viewing on the Company’s website: <https://sdc.my>.

Composition & Meeting

The ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the ARMC complies with Rule 15.09 (1) of AMLR. The composition and the details of each ARMC member’s attendance for FYE 2025 are set out below:

Name	Designation	Meeting Attendance
Wong Poh May	Chairperson	6/6
YM Raja Nor Azlina Binti Raja Azhar	Member	5/6
Wong Keng Fai	Member	6/6

The Chairperson of the ARMC is a fellow member of the Association of Chartered Certified Accountants (“**ACCA**”) and member of the Malaysian Institute of Accountants (“**MIA**”). Profiles of the ARMC members are set out in the Directors’ Profile Section of this Annual Report.

The notice of ARMC meeting and relevant meeting papers are distributed in advance, normally seven (7) days prior to the meetings to enable the ARMC to have sufficient time to review the materials and allow for better preparation and understanding of the issues to be discussed. The quorum for a meeting shall be two (2) members and the majority members present at the meeting must be independent.

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairperson, for drawing up the agenda and circulating it prior to each meeting. The Company Secretary shall be responsible for recording the minutes of the ARMC meetings. Minutes of meetings will be circulated to all members of ARMC and table for confirmation at the next meeting.

The ARMC may call for a meeting as and when required with reasonable notice as deemed fit by the ARMC members. ARMC members may participate in a meeting by means of tele-conference, telephone call or any other similar communications method that allows participants to hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall satisfy the quorum requirement.

The Finance Controller is invited to ARMC meetings to updates on the Group’s operations, activities and financial performances. Representatives from the Sponsor, Internal Auditors, External Auditors and other representatives of the Group are also invited to attend the ARMC meetings to discuss specific matters which require their input and advice.

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The Chairperson of the ARMC reported on the key issues and matters discussed at the ARMC meetings as well as the ARMC's deliberations and recommendations in discharging its duties and responsibilities. The summary of the work and key matters considered by the ARMC during FYE 2025 are as follows:

1. Financial Reporting

- Reviewed and discussed the unaudited quarterly financial results of the Group with the Management and recommended them for the Board's consideration and approval before releasing to Bursa Securities;
- Reviewed and discussed the audited financial statements together with the Directors' and auditor's statements with the External Auditors and the Management and recommended them for the Board's consideration and approvals; and
- Discussed the key audit matters with External Auditors and the Management.

2. Internal Audit

- Reviewed the internal audit plan presented by Internal Auditors, Sterling Business Alignment Consulting Sdn Bhd ("**Sterling**") to ensure adequate and comprehensive scope of work covers the key risk areas;
- Reviewed the follow-up reports on the status of implementation of action plans by the Management in addressing the areas for improvement as reported from the previous audit reviews; and
- Assessed the effectiveness of the internal audit function and Internal Auditors' performance through a formal evaluation form, which covered their independence, competency, performance, sufficiency of resources, adequacy of audit practices and audit fees.

3. External Audit

- Reviewed the External Auditors' Audit Planning Memorandum (inclusive of audit approach and scope of work) prior to the commencement of the annual audit;
- Reviewed the key audit matters identified by the External Auditors and determined the materiality of the matters raised. The key audit matter highlighted by the External Auditors which is presented in the Independent Auditors' Report of the Annual Report;
- Reviewed the independence, performance and effectiveness of External Auditors and made recommendations to the Board on their re-appointment and remuneration; and
- Held one (1) private discussion with External Auditors without the presence of Executive Directors and Management to ensure no restrictions on the scope of their audit and to discuss any matters that they wish to present.

4. Related Party Transactions

- Reviewed if there is any related party transactions and recurrent related party transactions entered by the Group on a quarterly basis and assessed whether such transactions are carried out on arm's length basis and not detrimental to the Company's minority shareholders.

5. Conflict of Interest

- Reviewed if there is any conflict of interest / potential conflict of interest situations that may arise and the measure to mitigate the conflict of interest.

6. Other Activities

- Reviewed the Statement of on Risk Management and Internal Control System and recommended the same for the Board's approval.
- Reviewed the Corporate Governance Overview Statement and Corporate Governance Report.

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Internal Audit Function

The ARMC recognises the importance of an adequately resourced internal audit function to undertake a systematic and disciplined approach in assessing, evaluating and enhancing the effectiveness of the Group's risk management, internal control and governance systems and processes. This function provides reasonable assurance that such systems and processes continue to operate effectively and in compliance with the Group's established objectives.

SDCG has outsourced its internal audit function to a professional services firm, Sterling to assist the ARMC in undertaking independent assessment on the adequacy, efficiency and effectiveness of the Group's system of risk management and internal control.

During the financial year under review, Sterling has undertaken the following activities:

- a) Conducted internal audit reviews in accordance with the internal audit plan that is approved by the ARMC;
- b) Presented results of internal audit reviews together with recommendations for improvement and management's responses to the internal audit results during quarterly ARMC meetings; and
- c) Reviewed the adequacy and effectiveness of the system of internal control in managing risks that may impede the Group from achieving its business objectives.

Total costs incurred on the outsourced internal audit function of the Group for FYE 2025 was approximately at RM40,000.

Corporate Governance Overview Statement

The Board of Directors (“**Board**”) of Solar District Cooling Group Berhad (“**SDCG**” or “**Company**”) is pleased to present the Corporate Governance (“**CG**”) Overview Statement for the financial year ended 31 December 2025 (“**FYE 2025**”), which has been prepared in compliance with Rule 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.

The Company and its subsidiaries (“**Group**”) firmly believes 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 high standards of corporate governance within the Group and to uphold the Principles of the 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 FYE 2025 with reference to the three Principles of MCCG whilst explanations on how the Company 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 SDCG has adopted.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group acknowledges the vital role played by the Board in the stewardship of the direction and business operations of the Group. 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. The Board has adopted certain responsibilities for effective discharge of its functions through formalising its Board Charter (available at the Company’s website: <https://sdc.my>) which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Chairman and Executive Directors that are further cascaded to senior management team within the Company.

The Board have established Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific oversight responsibilities for the 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 <https://sdc.my>. Further, the Board is also responsible in ensuring compliance by the Company and the Group with the AMLR, the Companies Act 2016 and rules of other relevant authorities.

The Group aims to ensure a balance of power and authority between the Chairman and Executive Directors 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 Executive Directors, 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 comply with good conduct and best practices. The Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies. Whilst, the

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Independent Non-Executive Directors play a key role in providing unbiased and independent views, advices and contributing their knowledge and experiences toward the formulation of policies and in the decision-making process.

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the Company's expenses.

The Board had adopted the Board Charter, Code of Conduct Policy, Anti-Bribery and Corruption Policy, Gender Diversity Policy, Board Diversity Policy, Anti-Money Laundering Policy, Conflict of Interest Policy, Fit and Proper Policy and Whistleblowing Policy, which is available at the Company's website <http://sdc.my>.

II. Board Composition

As at the date of this report, the Board consists of seven (7) Directors i.e. one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, (2) Executive Directors and one (1) Non-Independent Non-Executive Director. The Independent Non-Executive Directors fulfilled the criteria of "Independence" as prescribed under the AMLR. This complies with 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.

SDCG has two (2) female Independent Non-Executive Directors and one (1) female Executive Director, providing a representation rate of 43% which complies with the AMLR of Bursa Securities to have at least one (1) woman Director on the Board.

The Board supports gender diversity by having three (3) female Directors to bring diversity to the Board's deliberation and decision-making process.

All the Directors have complied with the minimum attendance requirements as stipulated by the AMLR. The Board met on ten (10) occasions during the FYE 2025 and the details of attendance at Board Meetings are set out below:-

Name of Directors	Attendance	Percentage of attendance (%)
Ir. Dr. Khairul Azmy Bin Kamaluddin	10/10	100%
Kong Kam Onn	10/10	100%
Liuk Ing Hong	9/10	90%
YM Raja Nor Azlina Binti Raja Azhar	9/10	90%
Wong Poh May	10/10	100%
Wong Keng Fai	10/10	100%
Liew Kong Fatt (Appointed on 1 February 2026)	N/A	N/A

Prior to each meeting, notice of meetings and agenda was circulated to all Directors together with the draft minutes of the previous meeting, respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed were furnished to the Directors at least seven (7) days prior to the Board meeting via e-mail so that each Director had ample time to review the papers to enable informed decision making. The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes.

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All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they should 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 FYE 2025 are as follows:-

Name of Directors	Date	Training Programmes/Seminars/Workshops/ Conferences Attended
Ir. Dr. Khairul Azmy Bin Kamaluddin	22 & 23 May 2025	Zorgtech and International Federation of Healthcare Engineers (IFHE) Conference and Expo
	16 & 17 July 2025	Mandatory Accreditation Programme Part II (MAP II) – Leading for Impact
	23 to 25 October 2025	International Healthcare Engineering Fair (INAHEF) 2025 Forum and Expo
Kong Kam Onn	29 & 30 April 2025	Mandatory Accreditation Programme Part II (MAP Part II) – Leading for Impact
	17 June 2025	The Journey into the AI Age: Game Changer for Your Digital Transformation Era
Liuk Ing Hong	29 & 30 April 2025	Mandatory Accreditation Programme Part II (MAP Part II) – Leading for Impact
YM Raja Nor Azlina Binti Raja Azhar	23 January 2025	Webinar Talk on Limited Liability Law Partnership (LLP)
	21 & 22 April 2025	Mandatory Accreditation Programme Part II (MAP Part II) – Leading for Impact
	10 to 14 November 2025	Webinar CPD 5th Annual Conference on Corporate and Commercial Law
	10 December 2025	Webinar CPD Live and CPC Pocket Series – How to Complete Your Real Property Gains Tax Self-Assessment Forms Online
Wong Poh May	13 & 14 April 2025	Malaysian Business Reporting Statements (MBRS) Financial Statements
	21 & 22 April 2025	Mandatory Accreditation Programme Part II (MAP Part II) – Leading for Impact
	24 April 2025	Critical Tax Issues in Malaysia
	19 May 2025	Tax Consideration in Financing of Corporations
	21 October 2025	Budget 2026
	19 December 2025	Capital Gains Tax on Domestic & Cross-Border Transactions
Wong Keng Fai	29 & 30 April 2025	Mandatory Accreditation Programme Part II (MAP Part II) – Leading for Impact

During the FYE 2025, the External Auditors briefed the Board members on the changes to the Malaysian Financial Reporting Standards and their impact on the Group's and the Company's financial statements for the financial year. The Board was also briefed on the amendments to the AMLR.

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Company Secretary

The Board is supported by two (2) external qualified and competent Company Secretaries, Lim Li Heong and Wong Mee Kiat. Both the Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016. As the practising Company Secretaries, they have also attended continuous professional development programmes as required by Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and the Companies Commission of Malaysia.

The Company Secretaries are also responsible for ensuring that the Company’s Constitution, procedures, policies and regulations are complied with as well as 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 corporate governance, AMLR and Companies Act 2016. The Company Secretaries ensure that the deliberations at meetings of the Board and Board Committees are properly captured and minuted. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharging their 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 a on-going basis. Full details of the NC’s duties and responsibilities are stated in its TOR which is available on the Company’s website: <http://sdc.my>.

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

1. YM Raja Nor Azlina Binti Raja Azhar (Chairperson)
2. Wong Poh May
3. Wong Keng Fai

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

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. 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 MCCG;
- the Director’s skills, knowledge, experience and expertise, professionalism 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.

The NC had reviewed and assessed the size, mix of skill and experience, performance and contribution of the Board and Individual Director and satisfied with the current composition and performance of the Board for the FYE 2025.

Additionally, the NC performed a fit and proper assessment on the Retiring Directors and was satisfied with the outcome. The Retiring Directors have provided the necessary fit and proper declarations in accordance with the Directors’ Fit and Proper Policy.

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The NC met once during the FYE 2025. The details of the members' attendance are as follows:

Name of Directors	Meeting Attendance	Percentage of Attendance (%)
YM Raja Nor Azlina Binti Raja Azhar	1/1	100
Wong Poh May	1/1	100
Wong Keng Fai	1/1	100

III. Directors' Remuneration

The Remuneration Committee ("RC") comprises exclusively Independent Non-Executive Directors as follows:-

1. Wong Keng Fai (Chairman)
2. YM Raja Nor Azlina Binti Raja Azhar
3. Wong Poh May

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. Full details of the RC's duties and responsibilities are stated in its TOR which is available on the Company's website: <http://sdc.my>.

Individual Director do not participate in the discussion and decision making of his own remuneration to avoid conflict of interest.

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.

The annual review during the FYE 2025 on the Directors and Key Senior Management were conducted by the RC on 24 February 2026.

The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group and the Company for the FYE 2025 are as follows:-

Name of Directors	Salaries RM	Directors' Fees RM	Meeting Allowances RM	Bonuses RM	Other emoluments RM	Total RM
Executive Directors						
Kong Kam Onn	342,000	60,000	-	42,000	74,333	518,333
Liuk Ing Hong	330,000	60,000	-	40,000	71,673	501,673
Non-Executive Directors						
Ir. Dr. Khairul Azmy Bin Kamaluddin	-	60,000	1,750	-	-	61,750
YM Raja Nor Azlina Binti Raja Azhar	-	60,000	1,500	-	-	61,500
Wong Poh May	-	60,000	1,750	-	-	61,750
Wong Keng Fai	-	60,000	1,750	-	-	61,750

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The details of the remuneration of the Key Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000.00 during the FYE 2025 are as follows:-

Range of Remuneration (RM)	Designation of Key Senior Management
RM150,001 to RM200,000	Project Director, Technical Director, Sale Director and Finance Controller

The RC met once during the FYE 2025. The details of the members' attendance are as follows:

Name of Directors	Meeting Attendance	Percentage of Attendance (%)
Wong Keng Fai	1/1	100
Wong Poh May	1/1	100
YM Raja Nor Azlina Binti Raja Azhar	1/1	100

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 exclusively of three (3) 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. Wong Poh May (Chairperson)
2. YM Raja Nor Azlina Binti Raja Azhar
3. Wong Keng Fai

The Chairperson of the ARMC is not the Chairman of the Board. The ARMC Chairperson has full and unrestricted access to the Executive Directors, Key Senior Management, External Auditors and Internal Auditors on all information necessary to enable them to discharge her duty. None of the members of the ARMC is a former partner of its external audit firm.

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. Based on the performance evaluation of the ARMC for the FYE 2025, the Board is pleased to confirm that the Chairperson and the members of ARMC have fulfilled their responsibilities effectively. Full details of the ARMC's duties and responsibilities are stated in its TOR which is available on the Company's website: <https://sdc.my>.

The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the ARMC annually.

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

II. 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.

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II. Risk Management and Internal Control Framework (Cont'd)

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

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING 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, Annual General Meeting ("AGM") and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities and the Company's website at <https://sdc.my>.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders' 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 Group. As such, the Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors.

II. Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. The Chairman together with other Directors and External Auditors will be present at the forthcoming AGM to answer any enquires from the shareholders. Shareholders who are unable to attend the AGM are allowed to appoint proxies to attend and vote on their behalf.

As recommended by the MCGG, 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.

Statement Of Directors' Responsibility For Preparing The Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of financial year and of the results and cash flows of the Company and the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the FYE 2025. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

Compliance Statement

The Board will strike to ensure that the Group complies with the principles and practices of the MCGG. The Board will endeavour to improve and enhance procedures in the Group to ensure compliance from time to time.

This CG Overview Statement was approved by the Board on 24th April 2026.

Statement On Risk Management And Internal Control

The Board of Directors ("**Board**") of Solar District Cooling Group Berhad ("**Company**") and its subsidiaries ("**Group**") is pleased to present its Statement on Risk Management and Internal Control ("**Statement**") for the financial year ended 31 December 2025 ("**FYE 2025**"). This Statement has been compiled in compliance with Rule 15.26(b) of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), incorporating the principles and recommendations of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**").

Board Responsibility and Accountability

The Board acknowledges its responsibility to observe the MCCG in maintaining a sound system of risk management and internal control throughout the operations of the Group to safeguard shareholders' investments, stakeholders' interests and the assets of the Group.

Committed to foster an effective control environment, the Board continuously reviews the integrity and soundness of the risk management and internal control mechanisms. To streamline the process, the Board has delegated the task of reviewing the adequacy of the Group's risk management and internal control to the Audit and Risk Management Committee ("**ARMC**") in accordance with the terms of reference.

However, given the inherent limitations in any systems of internal controls and risk management, such systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group. Hence, the Group's system of internal controls can only provide reasonable assurance but not absolute assurance against material misstatement or loss to the Group.

Risk Management Framework

In undertaking the functions of the Board regarding risk management and internal controls of the Group, the Board is supported by several established Board committees, namely the ARMC, the Nomination Committee, and the Remuneration Committee, each of which has clearly defined terms of reference.

The ARMC has been tasked by the Board with, amongst others, the duty of reviewing and monitoring the adequacy and effectiveness of the Group's risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group's internal control processes and procedures are part of the responsibilities of the management team of the Group ("**Management**"). The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting.

The Group's systems of internal controls and risk management primarily cover areas of operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring, corporate governance, and process improvements. There are sets of policies, procedures, and manuals setting out amongst others the approved standard operating procedures for key operational areas and activities.

In addition, Board's approved financial limits and approving authorities were also put in place for key financial matters and decision-making for revenue, major operating and capital expenditures as well as acquisitions of the Group to ensure proper functioning and accountability at respective business units.

The Group is committed to embed strong risk management practices across all business operations, enabling informed decision-making and accountable management actions. The Group has adopted a Risk Management and Internal Control Framework and established a Risk Management Handbook, which outlines, among other things, the principles and reporting structure, risk management framework, enterprise risk assessment, risk measurement, and the risk management process implementation. This framework views risk as any event that could potentially hinder the realisation of objectives.

The policies of the Board for the risk management framework:

- To integrate risk management into the culture, business activities and decision-making processes. Risk management concept, thinking and initiatives must be embedded in the day-to-day business operations and decision-making process. Risks that can be managed through embedded, routine systems and processes should be managed and monitored. Where risks cannot be managed, they must be subjected to individualised risk management techniques tailored to address particular risk.

Statement On Risk Management And Internal Control

Risk Management Framework (Cont'd)

- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively. As far as reasonably possible, risks must be identified, analysed and dealt with by Management proactively based on their experience, industry knowledge and information available from the marketplace. The Group must not experience any crystallisation of any major risks that are unexpected by the Board. However, this does not mean that risk will not transpire, but comprehensive plans are in place to respond timely and address the risk impact.
- To require that all papers submitted to the Board by the Management relating to strategy, key project approval, significant action or investment must include a detailed risk assessment report.
- To manage risks pragmatically and to an acceptable level given the circumstances of each situation. In dealing with risks, the Board understand that it is not always possible, cost effective or desirable to manage or eliminate risk all together. A cost-benefit approach is needed where the returns must be commensurate with the risks taken and reduce cost of risk controls.

Internal Audit Function

During the financial year under review, the Company has engaged Sterling Business Alignment Consulting Sdn Bhd ("**Sterling**") as an independent Internal Control Review consultant which provides the Board, through ARMC, with assurance on the adequacy and effectiveness of the Group's system of risk management and internal control. Sterling reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control system of the Group.

On a regular basis, the findings and recommendations from the internal audit reviews shall be presented to the ARMC. The Internal Auditors also monitor the status of corrective actions to address control weaknesses, ensuring the timely resolution and satisfactory implementation of outstanding issues. The Management team remains committed to taking the necessary actions to enhance and fortify the internal control environment.

Management Responsibilities and Assurance

The Management team is responsible for assisting the Board in identifying risks relevant to the business of the Group, implementing Board's policies and strategies, maintaining sound system of risk management and internal control, and monitoring and reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group from achieving its objectives and performance.

The responsibilities of Management team in respect of risk management include but not limited to the following:

- identify the key risks relevant to the businesses of the Group and the achievement of the Group's objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risk or emerging risks, take actions as appropriate, and promptly bring these to the attention of the ARMC and the Board.

The Board has received assurance from the Managing Director and Finance Controller that to the best of their knowledge, the Group's risk management and internal control system has been operating adequately and effectively in all material aspects, throughout the financial year under review and up to the date of issuance of this Statement.

Statement On Risk Management And Internal Control

Review of the Statement by External Auditors

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors conducted a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the FYE 2025. Their review adhered to the guidelines outlined in the Audit and Assurance Practice Guide 3 (“**AAPG 3**”) Guidance for Auditors on Engagements to Report on the Statement on Risk and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. It’s important to note that under AAPG 3, auditors are not required to provide an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system.

Based on their prescribed procedures, the External Auditors have communicated to the Board of Directors that they have not identified any issues that would lead them to believe that the Statement on Risk Management and Internal Control deviates, in all material respects, in accordance with the disclosures required by section 7 of the Guidelines nor is the Statement on Risk Management and Internal Control factually inaccurate.

Conclusion

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system of the Group currently being put in place is adequate and effective to safeguard the Group’s interests and assets.

The Board commits to have ongoing assessment and monitoring of the adequacy and effectiveness of the Group’s risk management and internal control system. Furthermore, the Board pledges to enhance and fortify the system as needed, ensuring its continual alignment with the evolving needs and circumstances of the Group.

This Statement was approved by the Board on 24th April 2026.

Additional Compliance Information

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:-

1.0 Material Contracts Involving Directors and/or Major Shareholders

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests either still subsisting at the end of the FYE 2025 or entered into since the end of the previous financial year.

2.0 Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised by the Company from any corporate proposal during the FYE 2025 save for the listing exercise, the Company undertook a public issue of 118,670,000 new ordinary shares at an issue price of RM0.38 per share, raising gross proceeds of RM 45.095 million, the gross proceeds of RM45.095 million which was utilised in the following manner as at 31 March 2026:

Details of utilisation of proceeds	Proposed utilisation (RM'000)	Amount utilised (RM'000)	Balance to be utilised (RM'000)	Estimated timeframe for utilisation ⁽¹⁾
Expand the Company Headquarters	1,900	58	1,842	Within 24 months
Tender bonds and/or performance bonds for future projects	5,000	3,365	1,635	Within 24 months
Purchase of materials for BMS segment, and solar thermal systems and energy saving services segment	18,700	10,415	8,285	Within 36 months
General working capital	12,673	12,673	-	Within 36 months
Capital expenditure	2,522	1,174	1,348	Within 36 months
Estimated listing expenses	4,300	4,300	-	Within 3 months
Total	45,095	31,985	13,110	

Note:

⁽¹⁾ From the date of listing of the Company on 19 September 2024

3.0 Contracts Relate to a Loan

There were no contracts which relate to a loan entered into by the Company and its subsidiaries during the FYE 2025.

4.0 Recurrent Related Party Transactions of Revenue or Trading Nature

During the FYE 2025, the Group has not entered into any recurrent related party transactions of a revenue or trading nature.

Additional Compliance Information

5.0 Audit and Non-Audit Fees

The auditors' remuneration including non-audit fees for the Company and the Group for the FYE 2025 is as follows:-

Details of Audit Fees	Group (RM)	Company (RM)
Statutory Audit Fees	95,000	35,000
Non-Audit Fees ⁽¹⁾	5,000	5,000

Note:

⁽¹⁾ The non-audit fees of the Group and the Company were mainly incurred for the review of the risk management and internal control statement.

6.0 Disclosure of Financial Data for Shariah Screening

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

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Income			
Revenue		27,848,119	25,327,968
Other income		1,815,097	518,454
Total		29,663,216	25,846,422
Total Assets		66,446,066	65,904,547

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income		14,897	219,478
Dividend income received from conventional instruments		202,494	48,131
Gain from investment in conventional instruments		22,241	1,950
Total		239,632	269,559

Additional Compliance Information

6.0 Disclosure of Financial Data for Shariah Screening (Cont'd)

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash at bank		260,155	1,374,889
Investment in cash funds		30,472,542	38,294,743
Total Cash		30,732,697	39,669,632

Conventional Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Deposits with licensed bank		787,382	250,089
Cash at bank		724,573	1,252,791
Investment in cash funds		3,615,413	6,682,832
Unit trust funds		3,981,648	-
Total Cash		9,109,017	8,185,712

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Term loans		2,862	2,665
Non-Current			
Term loans		84,251	87,138
Total Financing		87,113	89,803

Additional Compliance Information

6.0 Disclosure of Financial Data for Shariah Screening (Cont'd)

(c) Component of Financial Position (Cont'd)

(ii) Debt Component (Cont'd)

Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Hire purchase payables		58,236	64,961
Non-Current			
Hire purchase payables		-	58,235
Total Financing		58,236	123,196

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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2025.

Principal activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the year.

Subsidiaries

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

Results

	Group RM	Company RM
Profit for the year attribute to: Owners of the Company	<u>6,026,135</u>	<u>7,025,207</u>

Reserves and provisions

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

Dividends

Since the end of the previous year, the Company paid:

- i) an interim dividend of 1.5 sen per ordinary share totalling RM6,357,337 in respect of the year ended 31 December 2025 on 30 December 2025.

Issue of shares and debentures

There was no issuance of shares or debentures during the year.

Directors' Report

Options granted over unissued shares

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

Directors

The Directors in office during the year until the date of this report are:

Kong Kam Onn*
 Ir. Dr. Khairul Azmy Bin Kamaluddin
 YM Raja Nor Azlina Binti Raja Azhar
 Wong Poh May
 Liuk Ing Hong*
 Wong Keng Fai
 Liew Kong Fatt (appointed on 1 February 2026)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the year until the date of this report are:

Ed Kamil Bin Md Bashah
 Khoirol Suhardi Bin Shaaban
 Mohd Hanafy Bin Rasimon

* Director of the Company and its subsidiaries

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
Interests in the Company				
Direct interests:				
Kong Kam Onn	274,637,224	-	(83,917,000)	190,720,224
Liuk Ing Hong	30,515,236	-	(9,324,000)	21,191,236
YM Raja Nor Azlina				
Binti Raja Azhar	370,000	-	-	370,000
Wong Poh May	100,000	-	-	100,000
Wong Keng Fai	370,000	-	-	370,000

By virtue of their interests in the shares of the Company, Kong Kam Onn and Liuk Ing Hong are also deemed interested in the shares of the subsidiaries during the year to the extent that the Company has an interest.

Directors' Report

Directors' interests in shares (cont'd)

None of the other Directors in office at the end of the year had any interest in shares of the Company and of its related corporations during the year.

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors of the subsidiaries of the Company at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
Interests in the Company				
Direct interests:				
Ed Kamil Bin Md Bashah	3,606,000	-	(3,606,000)	-
Khoirol Suhardi Bin Shaaban	2,583,300	-	(2,583,300)	-
Mohd Hanafy Bin Rasimon	3,292,000	-	(3,292,000)	-

Directors' benefits

Since the end of the previous year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company 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 are as follows:

	Group RM	Company RM
<u>Directors of the Company</u>		
Fees	360,000	360,000
Salaries and other emoluments	763,496	6,750
Defined contribution plan	143,260	-
	<u>1,266,756</u>	<u>366,750</u>

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

Indemnity and insurance costs

There was no indemnity given to or insurance effected for the Directors, officers or auditors of the Company during the year.

Directors' Report

Other statutory information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that:
 - (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
 - (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
 - (ii) that would render the values attributed to current assets in the financial statements of the Group and of the Company misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
 - (iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company that has arisen since the end of the year and which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the year.
- (d) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the 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;
 - (ii) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the year in which this report is made.

Directors' Report

Auditors

The auditors, Reanda LLKG International PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company during the year are as follows:

	Group RM	Company RM
Audit fees	95,000	35,000
Non-audit fees	<u>5,000</u>	<u>5,000</u>
	<u>100,000</u>	<u>40,000</u>

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 April 2026.

KONG KAM ONN

LIUK ING HONG

KUALA LUMPUR

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 75 to 130 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 April 2026.

KONG KAM ONN

LIUK ING HONG

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kong Kam Onn, being the Director primarily responsible for the financial management of Solar District Cooling Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 75 to 130 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.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 24 April 2026)

KONG KAM ONN

Before me,

KHATIJAH BINTI KAMARUDDIN (NO. W739)
COMMISSIONER FOR OATHS

Independent Auditors' Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Solar District Cooling Group Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 130.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<u>Revenue and cost of sales from construction contracts</u> Refer to Note 18 - Revenue The Group recognises construction contract revenue in the statements of profit or loss and other comprehensive income using the input method. The input method is measured by reference to the proportion of actual costs incurred for work performed to date to estimated total costs for the project. Construction contract accounting are inherently complex. We focus on these areas because significant estimates and judgements are involved in the following areas: • stage of completion • extent of construction costs incurred to date • estimation of total budgeted costs	Our audit procedures included, amongst others: • We tested operating effectiveness of key controls in respect of budgeting processes of total estimated construction costs and the continuous review process of these budgets by management. In addition, we validated controls over the accounting processes of costs incurred for work performed to date. • We tested on a sample basis, reasonableness of estimated total construction costs based on approved budgets to supporting documentation such as contracts, quotations and change order documentation with sub-contractors. • We tested on a sample basis, costs incurred to date on significant projects to relevant documents such as sub-contractor claim certificates verified by the Group's or the project customer's internal quantity surveyor. • We agreed on a sample basis, total construction contract project revenue to supporting documentation, such as construction contracts, approved variation orders and correspondences with project customers. • On a sample basis, we checked mathematical calculation of the percentage of completion and we tested accuracy of percentage of revenue and costs recognised in the statements of profit or loss and other comprehensive income. We also tested journal entries to ensure revenue were recorded appropriately.

Independent Auditors' Report

Key Audit Matters (Cont'd)

Key audit matters (Cont'd)	How our audit addressed the key audit matters (Cont'd)
<u>Recoverability of Trade Receivables</u> Refer to Note 24 - Measurement of expected credit losses The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following: - customers' payment profiles of past sales and corresponding historical credit losses; - specific known facts or circumstances on customers' ability to pay; or - by reference to past default experience. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.	Our audit procedures included, amongst others: - Obtained an understanding of: - the Group's control over the receivable collection process; - how the Group identifies and assesses the impairment of receivables; and - how the Group makes the accounting estimates for impairment. - Reviewed ageing analysis of trade receivables and testing the reliability thereof. - Reviewed subsequent cash collections for major receivables and overdue amounts. - Made inquiries of management regarding the action plans to recover overdue amounts. - Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection. - Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

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 MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 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

Other Matters

The financial statements of the Group and of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2025.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

REANDA LLKG INTERNATIONAL PLT
202506000003 (LLP0041599-LCA) & AF 1082
Chartered Accountants

LAI WONG CHUNG
Approved Number: 03277/08/2026 J
Chartered Accountant

KUALA LUMPUR

24 April 2026

Statements Of Financial Position As At 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Property, plant and equipment	3	4,682,587	4,230,550	-	-
Intangible asset	4	5,766	6,487	-	-
Investments in subsidiaries	5	-	-	15,257,618	15,257,618
Deferred tax assets	6	438,216	621,422	-	-
Total non-current assets		<u>5,126,569</u>	<u>4,858,459</u>	<u>15,257,618</u>	<u>15,257,618</u>
Inventories	7	2,200,606	3,125,566	-	-
Contract assets	8	9,522,533	-	-	-
Trade receivables	9	7,791,472	9,305,979	-	-
Other receivables	10	1,290,519	745,233	36,958	-
Amounts due from a subsidiary	11	-	-	14,417,708	7,205,365
Current tax asset		672,651	13,966	-	-
Other investments	12	4,744,791	225,505	-	-
Cash and cash equivalents	13	35,096,923	47,629,839	29,508,487	36,091,470
Total current assets		<u>61,319,495</u>	<u>61,046,088</u>	<u>43,963,153</u>	<u>43,296,835</u>
Total assets		<u>66,446,064</u>	<u>65,904,547</u>	<u>59,220,771</u>	<u>58,554,453</u>

Statements Of Financial Position As At 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
EQUITY					
Share capital	14	58,294,274	58,294,274	58,294,274	58,294,274
Reorganisation deficit	14	(14,257,618)	(14,257,618)	-	-
Retained earnings		18,319,338	18,650,540	845,348	177,478
Total equity		<u>62,355,994</u>	<u>62,687,196</u>	<u>59,139,622</u>	<u>58,471,752</u>
LIABILITIES					
Loans and borrowings	15	84,251	145,373	-	-
Total non-current liabilities		<u>84,251</u>	<u>145,373</u>	<u>-</u>	<u>-</u>
Loans and borrowings	15	61,098	67,626	-	-
Trade payables	16	2,997,493	1,375,254	-	-
Other payables	17	916,344	1,296,722	81,093	80,301
Contract liabilities	8	-	179,800	-	-
Current tax liability		30,884	152,576	56	2,400
Total current liabilities		<u>4,005,819</u>	<u>3,071,978</u>	<u>81,149</u>	<u>82,701</u>
Total liabilities		<u>4,090,070</u>	<u>3,217,351</u>	<u>81,149</u>	<u>82,701</u>
Total equity and liabilities		<u>66,446,064</u>	<u>65,904,547</u>	<u>59,220,771</u>	<u>58,554,453</u>

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

Statements Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	18	27,848,119	25,327,968	6,357,337	6,738,225
Cost of sales		(13,732,553)	(11,366,731)	-	-
Gross profit		14,115,566	13,961,237	6,357,337	6,738,225
Other income		1,815,097	497,281	1,498,942	347,960
Administrative expenses		(7,446,635)	(8,118,881)	(807,726)	(2,652,913)
Net (loss)/reversal on impairment of financial instruments		(249,175)	21,173	-	-
Other expenses		(962,000)	(407,930)	-	-
Results from operating activities		7,272,853	5,952,880	7,048,553	4,433,272
Finance costs		(9,027)	(29,237)	-	-
Profit before tax	19	7,263,826	5,923,643	7,048,553	4,433,272
Tax expense	20	(1,237,691)	(1,637,601)	(23,346)	(2,400)
Profit for the year, representing total comprehensive income for the year		6,026,135	4,286,042	7,025,207	4,430,872
Profit and total comprehensive income for the year attributable to:					
Owners of the Company		6,026,135	4,286,042	7,025,207	4,430,872
Earnings per share					
Basic and diluted earnings per ordinary share (sen):	21	1.42	1.26		

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

Statements Of Changes In Equity

For the Year Ended 31 December 2025

Attributable to owners of the Company						
		<-----Non-distributable----->			<Distributable>	
	Note	Share capital RM	Invested capital RM	Reorganisation deficit RM	Retained earnings RM	Total equity RM
Group						
At 1 January 2025		58,294,274	-	(14,257,618)	18,650,540	62,687,196
Profit for the year, representing total comprehensive income for the year		-	-	-	6,026,135	6,026,135
Transactions with owners:						
Dividends to owners of the Company	22	-	-	-	(6,357,337)	(6,357,337)
At 31 December 2025		58,294,274	-	(14,257,618)	18,319,338	62,355,994

Statements Of Changes In Equity

For the Year Ended 31 December 2025

FOR THE YEAR ENDED 31 DECEMBER 2025 (CONT'D)						
Attributable to owners of the Company						
Note	<-----Non-distributable----->			<Distributable>		Total equity RM
	Share capital RM	Invested capital RM	Reorganisation deficit RM	Retained earnings RM		
Group						
At 1 January 2024	100	1,000,000	-	18,602,723		19,602,823
Profit for the year, representing total comprehensive income for the year	-	-	-	4,286,042		4,286,042
Transactions with owners:						
Issuance of shares for the acquisition of a subsidiary	14	15,257,618	(1,000,000)	(14,257,618)	-	-
Issuance of shares pursuant to an initial public offering	14	45,094,600	-	-	-	45,094,600
Share issuance expenses	14	(2,058,044)	-	-	-	(2,058,044)
Dividends to owners of the Company	22	-	-	(4,238,225)	(4,238,225)	(4,238,225)
	58,294,174	(1,000,000)	(14,257,618)	(4,238,225)		38,798,331
At 31 December 2024	58,294,274	-	(14,257,618)	18,650,540		62,687,196

Statements Of Changes In Equity

For the Year Ended 31 December 2025

	Note	Attributable to owners of the Company		Total equity RM
		<Non-distributable> Share capital RM	<Distributable> Retained earnings RM	
Company				
At 1 January 2025		58,294,274	177,478	58,471,752
Profit for the year, representing total comprehensive income for the year		-	7,025,207	7,025,207
Transactions with owners:				
Dividends to owners of the Company	22	-	(6,357,337)	(6,357,337)
At 31 December 2025		<u>58,294,274</u>	<u>845,348</u>	<u>59,139,622</u>
At 1 January 2024		100	(15,169)	(15,069)
Profit for the year, representing total comprehensive income for the year		-	4,430,872	4,430,872
Transactions with owners:				
Issuance of shares for the acquisition of a subsidiary	14	15,257,618	-	15,257,618
Issuance of shares pursuant to an initial public offering	14	45,094,600	-	45,094,600
Share issuance expenses	14	(2,058,044)	-	(2,058,044)
Dividends to owners of the Company	22	-	(4,238,225)	(4,238,225)
		<u>58,294,174</u>	<u>(4,238,225)</u>	<u>54,055,949</u>
At 31 December 2024		<u>58,294,274</u>	<u>177,478</u>	<u>58,471,752</u>

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

Statements Of Cash Flows

For The Year Ended 31 December 2025

Note	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities				
Profit before tax	7,263,826	5,923,643	7,048,553	4,433,272
Adjustments for:				
Amortisation of intangible asset	721	721	-	-
Depreciation of property, plant and equipment	989,156	1,532,381	-	-
Dividend income	-	-	(6,357,337)	-
Dividend income from equity and money market funds	(977,599)	(207,658)	(746,246)	(134,338)
Fair value gain on short term investments	(1,549)	(46,925)	-	(40,412)
Impairment losses on:				
- Trade receivables	249,175	-	-	-
Interest expenses	9,027	29,237	-	-
Interest income	(21,946)	(221,838)	-	(173,210)
Inventories written down	25,252	26,803	-	-
Loss on disposal of property, plant and equipment	5	-	-	-
Reversal of impairment loss on:				
- Trade receivables	-	(21,173)	-	-
Unrealised loss on foreign exchange	506,629	151,957	-	-
Operating profit/(loss) before changes in working capital	8,042,697	7,167,148	(55,030)	4,085,312
Change in inventories	899,708	87,843	-	-
Change in trade and other receivables	719,827	(774,476)	(36,958)	-
Change in trade and other payables	1,255,720	(1,115,400)	792	73,547
Change in contract assets	(9,702,333)	179,800	-	-
Cash generated from/(used in) operations	1,215,619	5,544,915	(91,196)	4,158,859
Tax paid	(1,834,862)	(2,063,505)	(25,690)	-
Net cash (used in)/from operating activities	(619,243)	3,481,410	(116,886)	4,158,859

Statements Of Cash Flows

For The Year Ended 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from investing activities					
Net advances to a subsidiary		-	-	(7,212,343)	(7,205,365)
Acquisition of intangible asset		-	(7,208)	-	-
Acquisition of property, plant and equipment		(1,441,198)	(790,695)	-	-
Change in bank deposits pledged		(537,638)	319,864	-	-
Dividend received		977,599	207,658	7,103,583	134,338
Interest received		21,946	221,838	-	173,210
Net purchase of investment in equity fund		(3,980,099)	-	-	-
Withdrawals of deposits with periods more than 3 months		-	4,480	-	-
Net cash used in investing activities		<u>(4,959,390)</u>	<u>(44,063)</u>	<u>(108,760)</u>	<u>(6,897,817)</u>
Cash flows from financing activities					
Dividends paid to owners of the Company	22	(6,357,337)	(4,238,225)	(6,357,337)	(4,238,225)
Interest paid		(9,027)	(29,237)	-	-
Proceed from issuance of shares:					
Pursuant to an initial public offering, net of listing expenses		-	43,036,556	-	43,036,556
Repayment to a former related party		-	-	-	(8,415)
Payment of hire purchase payables		(64,960)	(61,883)	-	-
Repayment of term loan		(2,690)	(548,084)	-	-
Net cash (used in)/from financing activities		<u>(6,434,014)</u>	<u>38,159,127</u>	<u>(6,357,337)</u>	<u>38,789,916</u>
Changes in cash and cash equivalents					
Effects of foreign exchange rate changes		(12,012,647)	41,596,474	(6,582,983)	36,050,958
Cash and cash equivalents					
at the beginning of the year		<u>47,629,839</u>	<u>6,138,397</u>	<u>36,091,470</u>	<u>100</u>
Cash and cash equivalents at the end of the year	13	35,096,923	47,629,839	29,508,487	36,091,470

Statements Of Cash Flows

For The Year Ended 31 December 2025

(a) Cash outflows for leases as a lessee

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Included in net cash from operating activities:					
Payment relating to short term leases	19	19,030	5,850	-	-
Included in net cash from financing activities:					
Interest paid in relation to hire purchase payables	19	4,316	7,393	-	-
Payment of hire purchase payables		64,960	61,883	-	-
Total cash outflows for leases		88,306	75,126	-	-

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January RM	Net changes from financing cash flows	Other changes	At 31 December RM
		RM	RM	
2025				
Hire purchase payables	123,196	(69,276)	4,316	58,236
Term loan	89,803	(6,648)	3,958	87,113
	<u>212,999</u>	<u>(75,924)</u>	<u>8,274</u>	<u>145,349</u>
2024				
Hire purchase payables	185,079	(69,276)	7,393	123,196
Term loan	637,887	(569,803)	21,719	89,803
	<u>822,966</u>	<u>(639,079)</u>	<u>29,112</u>	<u>212,999</u>

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

Notes to the Financial Statements

For The Year Ended 31 December 2025

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at No. 25, Wisma SDC, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor Darul Ehsan. The registered office of the Company is located at Level 7, Mercu 3, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 5.

These financial statements were authorised for issue by the Board of Directors on 24 April 2026.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

Notes to the Financial Statements

For The Year Ended 31 December 2025

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

		Effective for annual periods beginning on or after
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>	Amendments to the Classification and Measurement of Financial Instrument	1 January 2026
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures</i>	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards—Volume 11		1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investments in Associates and Joint Ventures</i>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the abovementioned accounting standards and amendments, if applicable, when they become effective.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

Notes to the Financial Statements

For The Year Ended 31 December 2025

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRS 18 *Presentation and Disclosure in Financial Statements*

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements*, which retains majority of the requirements of MFRS 101 and complementing them with new requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements*.

MFRS 18 introduces new key requirements as follows:

i. Statements of Profit or Loss and Other Comprehensive Income:

The standard requires reclassification of all income and expenses within the statements of profit or loss into five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires to present a newly-defined operating profit subtotal, and the net profit will not change.

ii. Statements of Cash Flows:

The standard requires to disclose the starting point for cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and the optionality around classification of cash flows from dividends and interest are removed.

iii. Management-defined Performance Measures ("MPMs") and guidance on Aggregation and Disaggregation:

The standard requires MPMs are disclosed in a single note in the financial statements and enhanced guidance is provided on aggregation and disaggregation of financial information.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statements of profit or loss and the statements of cash flows. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

Notes to the Financial Statements

For The Year Ended 31 December 2025

2. Basis of preparation (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Item	Measurement base
Financial instruments at fair value through profit or loss	Fair value

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM.

(d) Significant accounting judgements, estimates and assumptions

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 7 - valuation of inventories
- Note 18 - revenue from contract with customers
- Note 20 - tax expense
- Note 24 - measurement of expected credit losses

Notes to the Financial Statements

For The Year Ended 31 December 2025

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

Group	2024	Freehold		Office		Furniture		Computers		Motor		Renovation		Machineries		Solar photovoltaic system		Concession assets		Assets under construction		Total
		office building	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Cost																						
At 1 January 2024		2,724,612		89,543	24,662	119,782		1,029,872		190,664		16,604		-		6,497,868		33,833		10,727,440		
Additions		-		21,380	3,090	286,305		-		150,000		284,038		-		-		45,882		790,695		
Transfer		-		-	-	-		-		-		-		54,531		-		(54,531)		-		
At 31 December 2024		2,724,612		110,923	27,752	406,087		1,029,872		340,664		300,642		54,531		6,497,868		25,184		11,518,135		
Accumulated depreciation																						
At 1 January 2024		119,000		75,811	22,353	72,824		712,728		109,509		4,947		-		4,638,032		-		5,755,204		
Charge for the financial year		17,000		14,810	957	22,854		109,523		19,067		14,673		8,179		1,325,318		-		1,532,381		
At 31 December 2024		136,000		90,621	23,310	95,678		822,251		128,576		19,620		8,179		5,963,350		-		7,287,585		
Carrying amount																						
At 31 December 2024		2,588,612		20,302	4,442	310,409		207,621		212,088		281,022		46,352		534,518		25,184		4,230,550		

Notes to the Financial Statements

For The Year Ended 31 December 2025

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

3.1 Securities

- (a) The freehold office building of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15 to the financial statements.
- (b) Included in the property, plant and equipment of the Group were motor vehicles held under hire purchase arrangements, with a total carrying amount of RM24,467 (2024: RM81,120). These assets are pledged as security for the hire purchase payables of the Group as disclosed in Note 15 to the financial statements.

3.2 Material accounting policy information

(a) Recognition and measurement

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

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

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal annual depreciation rate for the current and comparative periods are as follows:

Freehold office building	2%
Office equipment	20%
Furniture and fittings	20%
Computers	20%
Motor vehicles	20%
Renovation	10%
Machineries	20%
Solar photovoltaic system	20%
Concession assets	17% - 21%

Notes to the Financial Statements

For The Year Ended 31 December 2025

4. Intangible asset

Group	Trademark RM
Cost	
At 1 January 2024	-
Addition	7,208
At 31 December 2024/1 January 2025	
/31 December 2025	7,208
Accumulated amortisation	
At 1 January 2024	-
Amortisation for the year	721
At 31 December 2024/1 January 2025	721
Amortisation for the year	721
At 31 December 2025	1,442
Carrying amount	
At 1 January 2024	-
At 31 December 2024/1 January 2025	6,487
At 31 December 2025	5,766

Trademark represents the value paid for the rights to use certain brand names for the building automation control systems, equipment and advisory services which belong to the building management system engineering work and services segment.

4.1 Amortisation

The amortisation of trademark is recognised in profit or loss under the "Other Expenses" line item.

4.2 Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

Amortisation is recognised in profit or loss based on straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Trademark	10 years
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Notes to the Financial Statements

For The Year Ended 31 December 2025

5. Investments in subsidiaries

	Company	
	2025	2024
	RM	RM
Unquoted shares, at cost	15,257,618	15,257,618

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2025	2024	
		%	%	
Direct holding:				
Solar District Cooling Sdn. Bhd. (“SDC”)	Malaysia	100	100	Engaged in the business of providing provision and maintenance of building management systems, solar thermal systems, other systems and equipment, and other energy services.
Indirect holding: Held through SDC				
Kejuruteraan Efektif Dinamik Sdn. Bhd. ("KED")	Malaysia	100	100	Engaged in the business of providing mechanical and electrical works, and project management services.

5.1 Material accounting policy information

Investment in a subsidiary is measured in the Company's statement of financial position at costs less any impairment losses.

Notes to the Financial Statements

For The Year Ended 31 December 2025

6. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
Property, plant and equipment	-	325,580	(15,042)	-	(15,042)	325,580
Unrealised exchange losses	121,591	36,470	-	-	121,591	36,470
Provisions	331,667	259,372	-	-	331,667	259,372
Tax assets/(liabilities)	453,258	621,422	(15,042)	-	438,216	621,422
Set off of tax	(15,042)	-	15,042	-	-	-
Net tax assets	438,216	621,422	-	-	438,216	621,422

Notes to the Financial Statements

For The Year Ended 31 December 2025

6. Deferred tax assets/(liabilities) (cont'd)

Movement in temporary differences during the year:

Group	At 1 January 2024 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2024 RM	Recognised in profit or loss (Note 20) RM	At 31 December 2025 RM
Property, plant and equipment	-	325,580	325,580	(340,622)	(15,042)
Unrealised exchange losses	-	36,470	36,470	85,121	121,591
Provisions	-	259,372	259,372	72,295	331,667
	-	621,422	621,422	(183,206)	438,216

Notes to the Financial Statements

For The Year Ended 31 December 2025

6. Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Provisions	7,288	6,946	-	-

6.1 Material accounting policy information

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

7. Inventories

	Group	
	2025 RM	2024 RM
Trading goods	2,200,606	3,125,566
Recognised in profit or loss:		
Inventories recognised as cost of sales	7,463,738	5,884,038
Write-down to net realisable value (included in cost of sales)	25,252	26,803

7.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in, first-out method.

7.2 Significant judgements and assumptions

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible change in these estimates could result in revision to the valuation of inventories. The write-down and reversal are included in "cost of sales".

Notes to the Financial Statements

For The Year Ended 31 December 2025

8. Contract assets/(liabilities)

	Group	
	2025 RM	2024 RM
Contract assets	9,522,533	-
Contract liabilities	-	(179,800)

Contract assets

The contract assets relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date.

Contract liabilities

The contract liabilities relate to advance consideration received from customers for construction contracts which revenue is recognised over time during the construction. The contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

The Group's net contract assets/(liabilities) relating to construction contracts as of each reporting period can be summarised as follows:

	Group	
	2025 RM	2024 RM
At 1 January	(179,800)	-
Net revenue recognised during the year	24,405,942	-
Net progress billings during the year	(14,703,609)	-
Cash received/Amounts billed for unfulfilled performance obligations	-	(179,800)
At 31 December	9,522,533	(179,800)

Change in estimates

In the previous years, revenue from construction contracts is recognised over time in the period in which the services are rendered using the output by reference to the construction progress based on the physical proportion of construction work certified by professional consultants or project customers. With effect from 1 January 2025, revenue from construction contracts is recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. This change in method reflects more accurately the Group's performance in transferring control of goods or services promised to a customer. The effect of the change in method has been applied prospectively, commencing in the current year ended 31 December 2025. This change has resulted in an increase in profit of RM9,522,533 for the current year.

Notes to the Financial Statements

For The Year Ended 31 December 2025

9. Trade receivables

	Group	
	2025 RM	2024 RM
Trade receivables	9,102,469	10,367,801
Less: Allowance for impairment losses	(1,310,997)	(1,061,822)
	<u>7,791,472</u>	<u>9,305,979</u>

Included in the Company's trade receivables are retention sums totalling RM2,972,320 (2024: RM2,727,788). These retention sums are expected to be collected during and after defect liability periods of 12 to 24 months (2024: 12 to 24 months) after issuance of Certificate of Practical Completion.

10. Other receivables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other receivables	33,974	208,041	-	-
Deposits	1,206,374	435,960	-	-
Prepayments	<u>50,171</u>	<u>101,232</u>	<u>36,958</u>	<u>-</u>
	<u>1,290,519</u>	<u>745,233</u>	<u>36,958</u>	<u>-</u>

11. Amount due from a subsidiary

The amount due from a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand (2024: except for an advance of RM4,660,000 bearing an interest rate of 5.08% per annum at the end of reporting period).

Notes to the Financial Statements

For The Year Ended 31 December 2025

12. Other investments

Group	Equity fund RM	Deposits with a licensed bank RM	Total RM
2025			
Fair value through profit or loss	3,981,648	-	3,981,648
Amortised cost	-	763,143	763,143
	<u>3,981,648</u>	<u>763,143</u>	<u>4,744,791</u>
2024			
Amortised cost	-	225,505	225,505

Deposits with licensed a bank have been pledged to the licensed banks as security for banking facilities granted to a subsidiary.

12.1 Material accounting policy information

(a) Deposits with licensed banks

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

13. Cash and cash equivalents

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Bank balances	984,729	2,627,681	113,485	916,163
Short-term despoits placed with licensed banks	24,239	24,583	-	-
Investment in money market funds	<u>34,087,955</u>	<u>44,977,575</u>	<u>29,395,002</u>	<u>35,175,307</u>
Cash and cash equivalents in the statements of financial position and statements of cash flows	<u>35,096,923</u>	<u>47,629,839</u>	<u>29,508,487</u>	<u>36,091,470</u>

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with 3 to 10 days notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For The Year Ended 31 December 2025

14. Share capital

	Group and Company			
	Number of Shares		Amount	
	2025	2024	2025 RM	2024 RM
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	423,822,460	100	58,294,274	100
Issuance of shares for the acquisition of a subsidiary	-	305,152,360	-	15,257,618
Issuance of shares pursuant to an initial public offering	-	118,670,000	-	45,094,600
Share issuance expenses	-	-	-	(2,058,044)
At 31 December	<u>423,822,460</u>	<u>423,822,460</u>	<u>58,294,274</u>	<u>58,294,274</u>

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.

During the previous year, the Company increased its issued and paid-up share capital from RM100 to RM58,294,274 by way of:

- (i) issuance of 305,152,360 new ordinary shares at an issue price of RM0.05 per share, for a total consideration of RM15,257,618 as full payment for the acquisition of the entire equity interest of Solar District Cooling Sdn. Bhd.;
- (ii) issuance of 118,670,000 new ordinary shares at an issue price of RM0.38 each in conjunction with the initial public offering of ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM45,094,600;
- (iii) the listing expenses arising from the issuance of new shares amounting to RM2,058,044 were offset against the share capital and the remaining listing expenses of RM2,318,161 were expensed off to profit or loss; and
- (iv) the new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

Reorganisation deficit

The reorganisation deficit arise from the difference between the carrying value of the investment and the nominal value of shares of the direct subsidiaries upon consolidation under the pooling-of-interest method of accounting.

Notes to the Financial Statements

For The Year Ended 31 December 2025

15. Loans and borrowings

	Note	Group 2025 RM	2024 RM
Non-current			
Term loan	15.1	84,251	87,138
Hire purchase payables	15.2	-	58,235
		<u>84,251</u>	<u>145,373</u>
Current			
Term loan	15.1	2,862	2,665
Hire purchase payables	15.2	58,236	64,961
		<u>61,098</u>	<u>67,626</u>
		<u>145,349</u>	<u>212,999</u>

15.1 Term loan

The term loan is secured by:

- (a) a first party open charge under National Land Code of 1965 over the Group's freehold office building as disclosed in Note 3.1(a) to the financial statements; and
- (b) corporate guarantee by the Company.

15.2 Hire purchase payables

	Note	Group 2025 RM	2024 RM
At 1 January		123,196	185,079
Interest expenses	19	4,316	7,393
Payments of principal		(64,960)	(61,883)
Payments of interest expense		<u>(4,316)</u>	<u>(7,393)</u>
At 31 December		<u>58,236</u>	<u>123,196</u>

The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 3.1(b) to the financial statements.

Notes to the Financial Statements

For The Year Ended 31 December 2025

16. Trade payables

- (a) The normal trade credit terms granted to the Group range from 30 to 90 (2024: 30 to 90) days.
- (b) Included in the trade payables are retention sums totalling RM126,246 (2024: RM91,996). The retention sums are expected to be settled within the periods ranging from 30 to 365 (2024: 30 to 365) days.

17. Other Payables

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other payables	30,592	55,248	11,093	5,301
Accruals	817,836	1,241,474	70,000	75,000
SST payable	67,916	-	-	-
	<u>916,344</u>	<u>1,296,722</u>	<u>81,093</u>	<u>80,301</u>

18. Revenue

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers				
<u>Recognised at a point in time</u>				
Sales of parts	17,490	29,924	-	-
<u>Recognised over time</u>				
Construction contracts	24,510,551	22,153,930	-	-
Maintenance services	3,320,078	3,144,114	-	-
	<u>27,830,629</u>	<u>25,298,044</u>	<u>-</u>	<u>-</u>
Other revenue				
- Dividend income	-	-	6,357,337	6,738,225
	<u>27,848,119</u>	<u>25,327,968</u>	<u>6,357,337</u>	<u>6,738,225</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

18. Revenue (cont'd)

18.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns and refunds	Warranty
Construction contracts	Revenue is recognised over time using cost incurred method.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.	Defect liability period of 12 to 24 months is given to the customer.
Maintenance services	Revenue is recognised over time as and when services are performed.	Credit period of 30 to 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Sales of parts	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period of 0 to 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

18.2 Transaction price allocated to the remaining performance obligation

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	Group	
	2025 RM	2024 RM
Within 1 year	23,604,492	16,584,428
Between 2 and 3 years	4,294,193	4,900,400
	<u>27,898,685</u>	<u>21,484,828</u>

18.3 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

For construction contracts for which revenue is recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in estimates will directly affect the revenue to be recognised.

Notes to the Financial Statements

For The Year Ended 31 December 2025

19. Profit before tax

Profit before tax is arrived at after charging/ (crediting):

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Auditors' remuneration				
Audit fees				
- Reanda LLKG International PLT	95,000	-	35,000	-
- Other audit firm	-	113,000	-	38,000
Non-audit fees				
- Reanda LLKG International PLT	5,000	-	5,000	-
- Other audit firm	-	20,000	-	20,000
Material expenses/(income)				
Amortisation of intangible asset	721	721	-	-
Depreciation of property, plant and equipment	989,156	1,532,381	-	-
Dividend income:				
- Investment in equity and money market funds	(977,599)	(207,658)	(746,246)	(134,338)
Fair value gain on financial assets measured at fair value:				
- Investment in equity fund	(1,549)	-	-	-
- Investment in money market funds	(785,136)	(46,925)	(752,656)	(40,412)
Interest expense on financial liabilities that are not measured at fair value through profit or loss:				
- Bank overdrafts	753	125	-	-
- Hire purchase payables	4,316	7,393	-	-
- Term loan	3,958	21,719	-	-
Interest income on financial assets measured at amortised cost				
- Fixed deposits with licensed banks	(14,897)	(195,083)	-	(123,359)
- Advances to a subsidiary	-	-	-	(49,294)
- Others	(6,355)	(26,024)	(40)	-
Interest income on financial assets measured at fair value through profit or loss				
- Overnight interest	(694)	(731)	-	(557)
Inventories written down	25,252	26,803	-	-

Notes to the Financial Statements

For The Year Ended 31 December 2025

19. Profit before tax (cont'd)

Profit before tax is arrived at after charging/ (crediting):

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Listing expenses	-	2,318,161	-	2,296,661
Loss on disposal of property, plant and equipment	5	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	(28,867)	48,189	-	-
- unrealised	506,629	151,957	-	-
Personnel expenses (including key management personnel):				
- Contribution to Employees Provident Fund	532,678	424,894	-	-
- Wages, salaries and others	5,491,808	3,989,102	366,750	124,000
Other expenses arising from leases				
Expenses relating to short-term leases (Note a)	19,030	5,850	-	-
Net loss/(reversal) on impairment of financial instruments				
Impairment losses on:				
- Trade receivables	249,175	-	-	-
Reversal of impairment loss on:				
- Trade receivables	-	(21,173)	-	-

Note a

The Group leases machineries with contract terms of 1 year or less. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

For The Year Ended 31 December 2025

20. Tax expense

Recognised in profit or loss

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expenses:				
Current year	1,025,000	2,173,400	-	2,400
Underprovision in prior year	29,485	85,623	23,346	-
Total current tax recognised in profit or loss	1,054,485	2,259,023	23,346	2,400
Deferred tax expenses:				
Relating to origination and reversal of temporary differences	134,605	(188,419)	-	-
Under/(Over) provision in prior year	48,601	(433,003)	-	-
Total deferred tax recognised in profit or loss (Note 6)	183,206	(621,422)	-	-
	1,237,691	1,637,601	23,346	2,400

Reconciliation of tax expense

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before tax	7,263,826	5,923,643	7,048,553	4,433,272
At statutory tax rate of 24%	1,743,318	1,421,674	1,691,653	1,063,985
Differential in tax rates	-	(71,791)	-	(4,671)
Income not subject to tax	(662,546)	-	(1,703,750)	(1,629,005)
Expenses not deductible for tax purposes	78,751	635,098	12,097	572,091
Deferred tax assets not recognised during the year	82	-	-	-
Under/(Over) provision of deferred tax in prior year	48,601	(433,003)	-	-
Underprovision of current tax in prior year	29,485	85,623	23,346	-
	1,237,691	1,637,601	23,346	2,400

Notes to the Financial Statements

For The Year Ended 31 December 2025

20. Tax expense (cont'd)

In measuring the provision for taxation and deferred taxation at reporting date, the management applied judgments and estimates in relation to certain interpretation of tax legislation in arriving at the Group's tax positions. Judgments and estimates are based on the current tax legislation and best available information as at the reporting date. The management continuously reassesses its judgments and estimates whenever there is a change in circumstances.

21. Earnings per share

Basic earnings per ordinary share

The basic earnings per ordinary share are calculated based on the consolidated profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	Group	
	2025	2024
	RM	RM
Profit for the financial year attributable to owners of the Company	<u>6,026,135</u>	<u>4,286,042</u>
Weighted average number of ordinary shares at 31 December	<u>423,822,460</u>	<u>338,872,897</u>
Basic earnings per ordinary share (in sen)	<u>1.42</u>	<u>1.26</u>

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share, as the Group has no dilutive potential ordinary shares during the current and prior years.

Notes to the Financial Statements

For The Year Ended 31 December 2025

22. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
2025			
Interim 2025 ordinary share	1.5	<u>6,357,337</u> <u>6,357,337</u>	30 December 2025
2024			
Interim 2024 ordinary share	1.0	<u>4,238,225</u> <u>4,238,225</u>	30 December 2024

23. Operating segment

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 3 main reportable segments as follows:

- (i) Provision of building management system engineering works and services (“BMS”)
- (ii) Provision of solar thermal systems and energy saving services engineering works and services (“SOLAR”)
- (iii) Provision of maintenance of other systems and equipment (“M”)

Chief operating decision makers monitor the segment results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis but exclude tax asset and liabilities.

Segment assets and liabilities information are not provided to the chief operating decision makers. Hence, no disclosure is made on segment assets and liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements

For The Year Ended 31 December 2025

23. Operating segment (cont'd)

Group	SOLAR Malaysia RM	← Malaysia RM	BMS Brunei RM	→ Singapore RM	← Malaysia RM	→ Brunei RM	Total RM
2025							
Revenue							
External revenue	1,253,436	23,605,931	-	-	2,494,428	494,324	27,848,119
Results							
Segment result	519,826	12,916,125	-	-	434,490	245,125	14,115,566
Depreciation on concession assets	(534,512)	-	-	-	-	-	(534,512)
Finance costs	-	-	-	-	-	-	(9,027)
Unallocated income	-	-	-	-	-	-	(1,565,922)
Unallocated expenses	-	-	-	-	-	-	(7,874,123)
Consolidated profit before taxation							7,263,826
Tax expense							(1,237,691)
Consolidated profit after taxation							6,026,135

Notes to the Financial Statements

For The Year Ended 31 December 2025

23. Operating segment (cont'd)	Group	SOLAR Malaysia RM	BMS		Singapore RM	M		Total RM
			Malaysia RM	Brunei RM		Malaysia RM	Brunei RM	
	2025							
	<u>Other information</u>							
	Depreciation and amortisation							989,877
	Interest income							(21,946)
	Interest expenses							9,027
	Loss on impairment of trade receivables							249,175
	Unrealised foreign exchange loss							506,629
	Fair value gain on:							(1,549)
	- Investment in equity fund							(785,136)
	- Investment in money market funds							
	Dividend income:							
	- Investment in equity and money market funds							(977,599)

Notes to the Financial Statements

For The Year Ended 31 December 2025

23. Operating segment (cont'd)

Group	SOLAR Malaysia RM	← Malaysia RM	BMS Brunei RM	→ Singapore RM	← Malaysia RM	→ Brunei RM	Total RM
2024							
Revenue							
External revenue	5,284,467	15,388,377	1,403	16,255	1,695,133	2,942,333	25,327,968
Results							
Segment result	3,740,941	8,341,511	302	2,950	308,481	1,567,052	13,961,237
Depreciation on concession assets	(1,325,318)	-	-	-	-	-	(1,325,318)
Finance costs	-	-	-	-	-	-	(29,237)
Unallocated income	-	-	-	-	-	-	(518,454)
Unallocated expenses	-	-	-	-	-	-	(7,201,493)
Consolidated profit before taxation							5,923,643
Tax expense							(1,637,601)
Consolidated profit after taxation							4,286,042

Notes to the Financial Statements

For The Year Ended 31 December 2025

23. Operating segment (cont'd)

Group	SOLAR Malaysia RM	Malaysia RM	BMS Brunei RM	Singapore RM	Malaysia RM	Brunei RM	Total RM
2024							
Other information							
Depreciation and amortisation							1,533,102
Interest income							(221,838)
Interest expenses							29,237
Reversal of impairment of trade receivables							(21,173)
Unrealised foreign exchange loss							151,957
Fair value gain on:							
- Investment in money market funds							(46,925)
Dividend income:							
- Investment in equity and money market funds							(207,658)

Notes to the Financial Statements

For The Year Ended 31 December 2025

23. Operating segment (cont'd)

Geographical information

Revenue is based on the country in which the customers are located.

	Group Revenue	
	2025	2024
	RM	RM
Malaysia	27,353,795	22,367,977
Singapore	-	16,255
Brunei	494,324	2,943,736
	<u>27,848,119</u>	<u>25,327,968</u>

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment	
	2025	2024	2025	2024
	RM	RM	RM	RM
Customer #1	3,392,327	4,044,313	BMS	SOLAR
Customer #2	3,177,610	529,187	BMS	BMS
Customer #3	2,143,536	2,750,320	BMS	BMS
Customer #4	<u>2,007,744</u>	<u>2,942,333</u>	<u>M</u>	<u>M</u>

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- a) Amortised cost ("AC")
- b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.1 Categories of financial instruments (cont'd)

Group	Carrying amount RM	AC RM	FVTPL RM
2025			
Financial Assets			
Trade receivables	7,791,472	7,791,472	-
Other receivables	1,240,348	1,240,348	-
Other investments	4,744,791	763,143	3,981,648
Cash and cash equivalents	35,096,923	1,008,968	34,087,955
	<u>48,873,534</u>	<u>10,803,931</u>	<u>38,069,603</u>
Financial Liabilities			
Loans and borrowings	(145,349)	(145,349)	-
Trade payables	(2,997,493)	(2,997,493)	-
Other payables	(848,428)	(848,428)	-
	<u>(3,991,270)</u>	<u>(3,991,270)</u>	<u>-</u>
2024			
Financial Assets			
Trade receivables	9,305,979	9,305,979	-
Other receivables	644,001	644,001	-
Other investments	225,505	225,505	-
Cash and cash equivalents	47,629,839	2,652,264	44,977,575
	<u>57,805,324</u>	<u>12,827,749</u>	<u>44,977,575</u>
Financial Liabilities			
Loans and borrowings	(212,999)	(212,999)	-
Trade payables	(1,375,254)	(1,375,254)	-
Other payables	(1,296,722)	(1,296,722)	-
	<u>(2,884,975)</u>	<u>(2,884,975)</u>	<u>-</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM
Company		
2025		
Financial Assets		
Amounts due from a subsidiary	14,417,708	14,417,708
Cash and cash equivalents	29,508,487	29,508,487
	<u>43,926,195</u>	<u>43,926,195</u>
Financial Liability		
Other payables	(81,093)	(81,093)
	<u>(81,093)</u>	<u>(81,093)</u>
2024		
Financial Assets		
Amounts due from a subsidiary	7,205,365	7,205,365
Cash and cash equivalents	36,091,470	36,091,470
	<u>43,296,835</u>	<u>43,296,835</u>
Financial Liability		
Other payables	(80,301)	(80,301)
	<u>(80,301)</u>	<u>(80,301)</u>

24.2 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer and investment in debt securities. The Company's exposure to credit risk arises principally from advances to a subsidiary and financial guarantees given to banks for credit facilities granted to a subsidiary. There are no significant changes as compared to prior periods.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of the receivables ageing. Credit evaluations are performed on significant customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to the enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The Group's major concentration of credit risk related to the amounts owing by 5 customers (2024: 2 customers) which constituted approximately 46% (2024: 40%) of its trade receivables and contract assets as at the end of the reporting period.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 to 90 days based on credit terms granted.

The Group applies the simplified approach to measure expected credit losses ("ECL") using a lifetime expected credit loss allowance for all trade receivables. A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 210 days past due. The Group uses a more lagging past due criterion for trade receivables as it is more appropriate to reflect their loss patterns.

Loss rates are based on actual credit loss experience over the past one year. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

	Gross amount RM	Group Loss allowance RM	Net balance RM
2025			
Current (not past due)	1,838,820	(49,355)	1,789,465
1-30 days past due	778,427	(25,654)	752,773
31-60 days past due	980,125	(45,591)	934,534
61-90 days past due	435,143	(35,861)	399,282
More than 90 days past due	1,161,696	(218,598)	943,098
Retention sums	2,972,320	-	2,972,320
Contract assets	9,522,533	-	9,522,533
	<u>17,689,064</u>	<u>(375,059)</u>	<u>17,314,005</u>
Credit impaired			
Individually impaired	935,938	(935,938)	-
	<u>18,625,002</u>	<u>(1,310,997)</u>	<u>17,314,005</u>
2024			
Current (not past due)	3,568,176	(11)	3,568,165
1-30 days past due	1,772,929	(8)	1,772,921
31-60 days past due	406,325	(3)	406,322
61-90 days past due	437,761	(7)	437,754
More than 90 days past due	518,884	(125,855)	393,029
Retention sums	2,727,788	-	2,727,788
	<u>9,431,863</u>	<u>(125,884)</u>	<u>9,305,979</u>
Credit impaired			
Individually impaired	935,938	(935,938)	-
	<u>10,367,801</u>	<u>(1,061,822)</u>	<u>9,305,979</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below:

Group	Trade receivables		Total RM
	Lifetime ECL RM	Credit impaired RM	
Balance at 1 January 2024	484,169	598,826	1,082,995
Net remeasurement of loss	(358,285)	337,112	(21,173)
Balance at 31 December 2024			
/ 31 December 2024			
/ 1 January 2025	125,884	935,938	1,061,822
Net remeasurement of loss	249,175	-	249,175
Balance at 31 December 2025	375,059	935,938	1,310,997

Cash and cash equivalents and other investments

The bank balances and deposits are held with banks. Investments in funds are allowed only in liquid debt instruments and only with counterparties that have a credit rating equal to or better than the Group and the Company. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The banks have low credit risks. In addition, some of the bank balances are insured by government agencies. There is no history of default on the money market fund and there are no indicators that this fund may default. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for trade purchase. These deposits will become purchases when goods or services are received by the Group. The Group manages the credit risk together with the trade purchase arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and financial institutions in respect of credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM87,113 (2024: RM89,803) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured banking facilities.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the banks or financial institutions in full; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to its subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payables, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

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

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(i) Credit risk (cont'd)

Inter-company advances (cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

Company	Gross carrying amount RM	Impairment loss allowances RM	Net balances RM
2025			
Low credit risk	<u>14,417,708</u>	<u>-</u>	<u>14,417,708</u>
2024			
Low credit risk	<u>7,205,365</u>	<u>-</u>	<u>7,205,365</u>

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligation as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

All non-derivative financial liabilities of the Company are repayable within a year.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM	Contractual interest rate/ Discount rate	Contractual cash flows RM	Under 1 year RM	1 to 5 years RM	More than 5 years RM
2025						
Non-derivative financial liabilities						
Trade payables	2,997,493	-	2,997,493	2,997,493	-	-
Other payables	848,428	-	848,428	848,428	-	-
Hire purchase payables	58,236	4.18%	59,488	59,488	-	-
Term loan	87,113	4.30%	127,764	6,552	26,208	95,004
	3,991,270		4,033,173	3,911,961	26,208	95,004
2024						
Non-derivative financial liabilities						
Trade payables	1,375,254	-	1,375,254	1,375,254	-	-
Other payables	1,296,722	-	1,296,722	1,296,722	-	-
Hire purchase payables	123,196	4.18%	128,764	69,276	59,488	-
Term loan	89,803	4.85%	136,710	6,696	26,780	103,234
	2,884,975		2,937,450	2,747,948	86,268	103,234

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are US Dollar ("USD") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

Foreign currency risk is monitored closely on an ongoing basis to ensure the net exposure is at an acceptable level.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	USD RM	SGD RM
Group		
2025		
Trade receivables	12,328	-
Cash and cash equivalents	3,826,297	21,982
Trade payables	(433,910)	(316,912)
Net exposure	<u>3,404,715</u>	<u>(294,930)</u>
2024		
Trade receivables	887,377	-
Cash and cash equivalents	6,788,199	22,638
Trade payables	(511,049)	(27,409)
Net exposure	<u>7,164,527</u>	<u>(4,771)</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(iii) Market risk

(i) Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (2024: 5%) strengthening of the RM against the following currencies would have increased/(decreased) post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group	
	Profit or loss	
	2025	2024
	RM	RM
USD	170,235	358,226
SGD	(14,747)	(239)
	<u>155,488</u>	<u>357,987</u>

A 5% (2024: 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity and money market funds are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(iii) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2025 RM	2024 RM
Group		
Fixed rate instruments		
Financial Liability		
- Hire purchase payables	(58,236)	(123,196)
Floating rate instruments		
Financial Liability		
- Term loan	(87,113)	(89,803)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 1% (2024: 1%) in interest rate at the end of the reporting period would have decreased the Group's post-tax profit by RM871 (2024: RM898). This analysis assumes that all other variables remained constant. A decrease of 1% (2024: 1%) in interest rates would have had an equal but opposite effect on the Group's post-tax profit.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.2 Financial risk management (cont'd)

(iii) Market risk (cont'd)

(iii) Price risk

The Group is exposed to price risk arising from its investments in equity and money market funds. The exposure to price risk in respect of investments in money market funds is not material; accordingly, no sensitivity analysis has been presented for these investments.

In respect of investments in equity fund, the Group manages its exposure to adverse price movements through ongoing monitoring of the performance of the equity fund. The Group's exposure to price risk, based on the carrying amount of the investment in equity fund as at the end of the reporting period, is disclosed in Note 12 to the financial statements.

An increase of 10% (2024: Nil) in market price at the end of the reporting period would have increased the Group's post-tax profit by RM398,165 (2024: Nil). This analysis assumes that all other variables remained constant. A decrease of 10% (2024: Nil) in the market price would have had an equal but opposite effect on the Group's post-tax profit.

24.3 Fair value information

The carrying amounts of cash and cash equivalents, deposits with licensed banks, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities granted to its subsidiaries. The fair value of such guarantees is negligible as probability of the subsidiaries defaulting on the credit lines is remote.

Notes to the Financial Statements

For The Year Ended 31 December 2025

24. Financial instruments (cont'd)

24.3 Fair value information (cont'd)

The table below analyses other financial instruments carried at fair value.

	Level 2 RM	Total fair value RM	Carrying amount RM
Group			
2025			
Financial assets			
<i>Measured at fair value</i>			
Investment in equity fund	3,981,648	3,981,648	3,981,648
Investment in money market funds	34,087,955	34,087,955	34,087,955
	<u>38,069,603</u>	<u>38,069,603</u>	<u>38,069,603</u>
2024			
Financial assets			
<i>Measured at fair value</i>			
Investment in money market funds	44,977,575	44,977,575	44,977,575
	<u>44,977,575</u>	<u>44,977,575</u>	<u>44,977,575</u>
Company			
2025			
Financial assets			
<i>Measured at fair value</i>			
Investment in money market funds	29,395,002	29,395,002	29,395,002
	<u>29,395,002</u>	<u>29,395,002</u>	<u>29,395,002</u>
2024			
Financial assets			
<i>Measured at fair value</i>			
Investment in money market funds	35,175,307	35,175,307	35,175,307
	<u>35,175,307</u>	<u>35,175,307</u>	<u>35,175,307</u>

Level 2 fair value

Investments in equity and money market funds

The fair value of the investments is calculated based on net assets value of the funds.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2024: no transfer in either directions).

24.4 Material accounting policy information

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

Notes to the Financial Statements

For The Year Ended 31 December 2025

25. Capital management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period are as follows:

	Group	
	2025	2024
	RM	RM
Hire purchase payables	58,236	123,196
Term loan	87,113	89,803
	<u>145,349</u>	<u>212,999</u>
Less: Cash and cash equivalents (Note 13)	<u>(35,096,923)</u>	<u>(47,629,839)</u>
Net cash	<u>(34,951,574)</u>	<u>(47,416,840)</u>
Total equity	<u>62,355,994</u>	<u>62,687,196</u>
Debt-to-equity ratio	<u>*</u>	<u>*</u>

* Not applicable as the cash and cash equivalents of the Group exceed their borrowings.

There was no change in the approach to capital management during the year.

26. Capital commitments

	Group	
	2025	2024
	RM	RM
Property, plant and equipment		
Contracted but not provided for	<u>65,000</u>	<u>80,000</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

27. Contingencies

	Group	
	2025 RM	2024 RM
Bank guarantees extended to third parties	358,445	1,201,621

28. Related parties

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the following transactions are shown in Note 11.

Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company				
Executive:				
Fees	120,000	40,000	120,000	40,000
Salaries and other emoluments	756,746	537,096	-	-
Defined contribution plan	143,260	101,270	-	-
	<u>1,020,006</u>	<u>678,366</u>	<u>120,000</u>	<u>40,000</u>
Non-Executive:				
Fees	240,000	80,000	240,000	80,000
Other emoluments	6,750	4,000	6,750	4,000
	<u>1,266,756</u>	<u>762,366</u>	<u>366,750</u>	<u>124,000</u>
Directors of subsidiaries				
Salaries and other emoluments	461,520	325,876	-	-
Defined contribution plan	54,600	39,492	-	-
	<u>516,120</u>	<u>365,368</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For The Year Ended 31 December 2025

28. Related parties (cont'd)

Compensation of key management personnel (cont'd)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other key management personnel				
Salaries and other emoluments	306,746	105,159	-	-
Defined contribution plan	35,040	12,480	-	-
	<u>341,786</u>	<u>117,639</u>	<u>-</u>	<u>-</u>
	<u>2,124,662</u>	<u>1,245,373</u>	<u>366,750</u>	<u>124,000</u>

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

List Of Properties

No.	Name of Registered Owner	Title details / Postal address	Description of property/ Existing use	Tenure	Total built-up area / Land area based on title (sq ft)	Date of acquisition	Approximate Age of Building	Audited Net Book Value as at 31 December 2025 (RM'000)
1.	Solar District Cooling Sdn Bhd	<u>Title Details</u> H.S.(D) 102744, PT 17930, in the Mukim of Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan <u>Postal Address</u> Wisma SDC, No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang Selangor	<u>Description</u> and <u>Existing Use</u> Three storey shop office / Headquarters	Freehold	8,320 /4,628	11 January 2017	11 years ⁽¹⁾	2,572

Note
(1)

The approximate age of building is computed based on the date of Certificate of Completion and Compliance which is on 14 November 2014.

Analysis Of Shareholdings

As At 27 March 2025

Issued Share Capital : RM60,352,318.00
 Number of Issued Shares : 423,822,460 ordinary shares
 Class of Shares : Ordinary shares
 Number of Shareholders : 517
 Voting Rights : One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 27 MARCH 2025

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
Less than 100	14	2.71	185	0.00
100-1,000	167	32.30	62,714	0.01
1,001-10,000	178	34.43	913,600	0.22
10,001-100,000	83	16.05	2,930,901	0.69
100,001-21,191,122*	72	13.93	114,762,600	27.08
21,191,123 and above*	3	0.58	305,152,460	72.00
Total	517	100.00	423,822,460	100.00

Notes:-

* Less than 5% of the issued share capital.

** 5% and above of the issued share capital.

DIRECTORS' SHAREHOLDINGS

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 27 MARCH 2025

Name of Directors	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Ir. Dr. Khairul Azmy Bin Kamaluddin	-	-	-	-
Kong Kam Onn	190,720,224	45.00	21,191,236	5.00
Liuk Ing Hong	21,191,236	5.00	190,720,224	45.00
YM Raja Nor Azlina Binti Raja Azhar	370,000	0.09	-	-
Wong Poh May	100,000	0.02	-	-
Wong Keng Fai	370,000	0.09	-	-
Liew Kong Fatt	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 27 MARCH 2025

Name of Substantial Shareholders	(Direct)		(Indirect)	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Kong Kam Onn	190,720,224	45.00	21,191,236	5.00
Solarvest Holdings Berhad	93,241,000	22.00	-	-
Liuk Ing Hong	21,191,236	5.00	190,720,224	45.00

Analysis Of Shareholdings

As At 27 March 2025

THIRTY (30) LARGEST SHAREHOLDERS AS AT 27 MARCH 2025

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	KONG KAM ONN	190,720,224	45.00
2.	SOLARVEST HOLDINGS BERHAD	93,241,000	22.00
3.	LIUK ING HONG	21,191,236	5.00
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	17,380,400	4.10
5.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	11,500,000	2.71
6.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	8,195,600	1.93
7.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	6,873,200	1.62
8.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR EAC FUND	6,523,000	1.54
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG	5,480,000	1.29
10.	MBSB INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG (MGN-KCS0004M)	5,080,000	1.20
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO CHEE SIANG (7016740)	4,846,400	1.14
12.	ECO ASIA ADVISORY SDN BHD	4,497,000	1.06
13.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY SENG CHEW (PNG)	3,625,000	0.86
14.	PHILLIP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANDREW TAN JUN SUAN	3,386,700	0.80
15.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	2,574,600	0.61
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KHOR KAI FU (M04)	2,400,000	0.57
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO KHAI SHIN	1,500,000	0.35
18.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YEE SIN (MY3431)	1,330,000	0.31
19.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIM POH SEAN (MY4366)	1,070,000	0.25
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEEK HUI	1,000,000	0.24
21.	TAN WEE CHONG	958,000	0.23
22.	LEE AH MENG	899,700	0.21
23.	ONG ENG KEAT	896,900	0.21
24.	CHIAU YE HERN	850,000	0.20
25.	CHONG KIM MOI	827,800	0.20

Analysis Of Shareholdings

As At 27 March 2025

THIRTY (30) LARGEST SHAREHOLDERS AS AT 27 MARCH 2025 (CONT'D)

No.	Name of Shareholders	No. of Shares	Percentage (%)
26.	LAI YUAN JAU	801,600	0.19
27.	JASON KOH JIAN HUI	800,000	0.19
28.	KHOO MEI LING	800,000	0.19
29.	SHELLY CHIAU YEE WERN	800,000	0.19
30.	LEE CHONG WANG	790,700	0.19
Total		400,839,060	94.58

Notice Of The Third Annual General Meeting (“3rd AGM”)

NOTICE IS HEREBY GIVEN THAT the 3rd AGM of the Company will be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Tuesday, 23 June 2026 at 10.00 a.m. to transact the following business:

AGENDA

As Ordinary Business

- | | | |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B |
| 2. | To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of up to RM286,000 for the period from 24 June 2026 until the date of the next Annual General Meeting of the Company to be held in 2027. | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 95.1 of the Company's Constitution and being eligible, offer themselves for re-election:- | |
| | (a) Ms. Liuk Ing Hong | Ordinary Resolution 2 |
| | (b) Ms. Wong Poh May | Ordinary Resolution 3 |
| 4. | To re-elect Mr. Liew Kong Fatt who retires in accordance with Clause 102 of the Company's Constitution and being eligible, offer himself for re-election. | Ordinary Resolution 4 |
| 5. | To re-appoint Messrs. Reanda LLKG International PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Resolution:

ORDINARY RESOLUTION

- | | | |
|----|---|-----------------------|
| 6. | Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 (“the Act”) | Ordinary Resolution 6 |
|----|---|-----------------------|

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 and the approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act to be read together with Clause 52 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offer new shares in the Company ranking equally to the existing issued shares of the Company arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act 2016 **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

Notice Of The Third Annual General Meeting (“3rd AGM”)

6. **AND FURTHER THAT** the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”
7. To transact any other business for which due notice shall have been given in accordance with the Company’s Constitution and the Act.

By Order of the Board

LIM LI HEONG
(MAICSA 7054716)
(SSM Practising Certificate No.: 202008001981)
WONG MEE KIAT
(MAICSA 7058813)
(SSM Practising Certificate No.: 202008001958)
 Company Secretaries

Kuala Lumpur
 30 April 2026

Notes:-

A. Appointment of Proxy

1. A proxy may but need not be a member of the Company.
2. 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 24 hours before the time appointed for holding the 3rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (a) In hard copy form
 To be deposited with the Company’s Share Registrar, 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 provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic means
 The Form of Proxy can be lodged electronically via Vistra Share Registry and IPO (MY) portal (“The Portal”) at <https://srmy.vistra.com> no later than Monday, 22 June 2026 at 10.00 a.m. Kindly refer to the Administrative Guide for the 3rd AGM on the procedure for electronic lodgement of the Form of Proxy.
3. A member may appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry Central Depositories Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 16 June 2026 shall be entitled to attend the 3rd AGM.

B. Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

Notice Of The Third Annual General Meeting (“3rd AGM”)

C. Resolution 1 – Payment of Directors’ Fees and Benefits Payable

Shareholders’ approval is sought at this AGM for the payment of Directors’ Fees and Benefits Payable to the Non-Executive Directors of the Company of up to an amount of RM286,000 for the period from 24 June 2026 until the next AGM of the Company to be held in 2027. The Directors’ Fees and Benefits Payable consist of Directors’ Fee paid monthly for duties performed as Directors and attendance allowance for Board, Board Committee and general meetings attended.

The total amount of RM286,000 is estimated based on the current Board size and the estimated number of scheduled and additional unscheduled Board, Board Committees and general meetings to be held.

D. Resolutions 2, 3 & 4 – Re-election of Directors

Ms. Liuk Ing Hong and Ms. Wong Poh May are retiring by rotation pursuant to Clause 95.1 of the Constitution of the Company and are standing for re-election at this AGM. Their profiles are provided in the Directors’ Profile of this Annual Report 2025.

Mr. Liew Kong Fatt is retiring pursuant to Clause 102 of the Constitution of the Company and is standing for re-election at this AGM. His profile is provided in the Directors’ Profile of this Annual Report 2025.

In recommending their re-election, the Nomination Committee (“NC”) had assessed the contribution and the fit and proper criteria of the respective Directors. The Board had endorsed the NC’s recommendation that Ms. Liuk Ing Hong, Ms. Wong Poh May and Mr. Liew Kong Fatt be re-elected as Directors of the Company.

Explanatory Notes on Special Business

E. Resolution 6 – Authority to allot and issue shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 6 proposed under Item 6 above, if passed, will give the Directors of the Company flexibility to allot and issue new shares up to an amount not exceeding ten per centum (10%) of the Company’s total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The Board is of the opinion that the issue and allot shares up to an amount not exceeding ten per centum (10%) is in the best interest of the Company.

The general mandate sought for the issuance of new shares is a renewal of the mandate that was approved by the shareholders at the 2nd AGM on 23 June 2025. The Company did not utilise the mandate that was approved.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 52 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of Act, which will result in a dilution to their shareholding percentage in the Company.

STATEMENT ACCOMPANYING THE NOTICE OF AGM

1. 3rd AGM of the Company will be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Tuesday, 23 June 2026 at 10.00 a.m.
2. The Directors who are standing for re-election at the 3rd AGM of the Company pursuant to Clause 95.1 of the Company’s Constitution are:
 - (i) Ms. Liuk Ing Hong
 - (ii) Ms. Wong Poh May

Notice Of The Third Annual General Meeting (“3rd AGM”)

The Director who is standing for re-election at 3rd AGM of the Company pursuant to Clause 102 of the Company's Constitution is:

- (i) Mr. Liew Kong Fatt

Ms. Liuk Ing Hong, Ms. Wong Poh May and Mr. Liew Kong Fatt have no conflict of interest or potential conflict of interest including any interest in any competitor business with SDCG or its subsidiaries.

The profiles of the above Directors who are standing for re-election are set out in the Directors' Profile of this Annual Report.

- 3. The details of the above Directors' interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.
- 4. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2025 are disclosed in the Statement on Corporate Governance of this Annual Report.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:-

- (i) *consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”);*
- (ii) *warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and*
- (iii) *agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty*

SOLAR DISTRICT COOLING GROUP BERHAD
Registration No. 202301015665 (1509587-U)
(Incorporated in Malaysia)

PROXY FORM

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

I/We, _____ *NRIC/Passport/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Telephone No. _____ Email Address: _____

being a *member / members of Solar District Cooling Group Berhad [Registration No. 202301015665 (1509587-U)] ("the Company"), hereby appoint the following person(s):

Name of Proxy	NRIC/Passport No.	Address	No. of Shares to be represented
1.			
2.			

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Third Annual General Meeting of the Company to be held at Monkeys Canopy, Lot 683, Jalan Persiaran Bukit Enggang Sg Long Hill, Sungai Long, 43200 Cheras, Selangor on Tuesday, 23 June 2026 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	To approve the payment of Directors' Fees and Benefits payable to the Non-Executive Directors of up to RM286,000 for the period from 24 June 2026 until the date of the next Annual General Meeting of the Company to be held in 2027				
Resolution 2	Re-election of Ms. Liuk Ing Hong				
Resolution 3	Re-election of Ms. Wong Poh May				
Resolution 4	Re-election of Mr. Liew Kong Fatt				
Resolution 5	Re-appointment of Messrs. Reanda LLKG International PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration				
Resolution 6	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016				

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

*Strike out whichever is not desired.

Dated this _____ day of _____ 2026

Signature of Member / Common Seal of Shareholder

Fold this flap for sealing

Then fold here

Affix
Stamp

THE SHARE REGISTRAR
SOLAR DISTRICT COOLING GROUP BERHAD
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
Wilayah Persekutuan
Malaysia

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Notes

1. A proxy may but need not be a member of the Company.
2. 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 24 hours before the time appointed for holding the 3rd AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
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4. Where a member of the Company is an authorised nominee as defined under the Securities Industry Central Depositories Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.
7. Only depositors whose names appear in the Record of Depositors as at 16 June 2026 shall be entitled to attend the 3rd AGM.



<https://sdc.my>

Solar District Cooling Group Berhad

REGISTRATION NO. 202301015665 (1509587-U)

No. 25, Wisma SDC,
Jalan Kajang Perdana 3/2,
Taman Kajang Perdana,
43000 Kajang, Selangor,
Malaysia.

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Email : enquiry@sdc.my