GADANG HOLDINGS BERHAD
199301023376 (278114-K)

UNIFIED RESILIENCE

Annual Report **2025**

INSIDE THIS REPORT

COVER RATIONALE

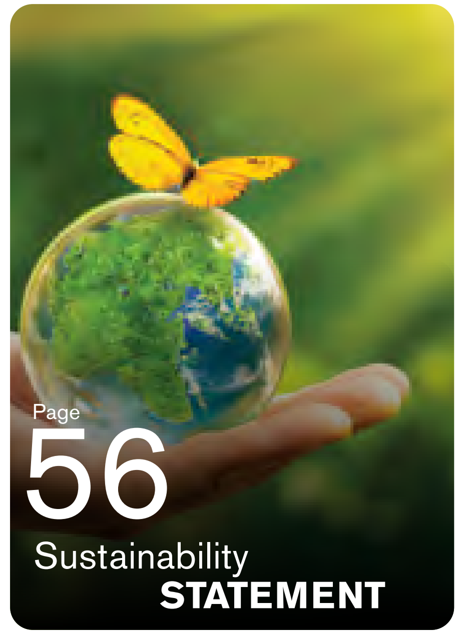
The cover design highlights Gadang's resilience and strategic growth across its principal activities in Engineering & Construction, Property Development, Utilities, and Mechanical & Electrical.

The geometric forms symbolise the integration of diverse business units working in synergy. The composition balances diversification with unity, underscoring Gadang's agility and capacity to create value in a dynamic market.

The layered design positions Gadang as a forward-looking organisation–anchored in proven expertise yet driven by innovation and client-focused solutions. It reflects the Group's ambition not only to contribute to national development but also to anticipate and shape the future through purposeful growth.

CORPORATE INFORMATION

CORPORATE GOVERNANCE



SUSTAINABILITY STATEMENT

FINANCIAL & OTHERS

NOTICE OF **32ND ANNUAL GENERAL MEETING**

Wednesday
5 November 2025

10.00 a.m.

Ballroom 3, Level 1
Sime Darby
Convention Centre

2025 at a GLANCE

FINANCIAL HIGHLIGHTS

Revenue by Segment

RM779.8 million

(FYE 2024: RM591.9 million)

57% Construction
(RM444.0 million)

39% Property
(RM301.0 million)

4% Utilities
(RM34.8 million)

Net Assets per Share

RM1.02

(FYE 2024: RM1.09)

Total Assets

RM1.4 billion

(FYE 2024: RM1.4 billion)

Net Gearing Ratio

NIL times

(FYE 2024: 0.02 times)

SUSTAINABILITY HIGHLIGHTS

GREEN ENERGY
Commenced operations in early July 2023 for mini-hydro power plant in Lintau, Indonesia

SUSTAINABLE ENVIRONMENT
Zero summons from Department of Environment ("DOE")

SAFETY AND HEALTH
Zero fatality

HUMAN RIGHTS AND LABOUR PRACTICES
Zero complaint on human rights violation

Overview of GADANG HOLDINGS BERHAD

Our VISION

To be the **PREFERRED LEADER** in all our core businesses, recognised for our **HIGH STANDARDS AND COMMITMENT TO EXCELLENCE**

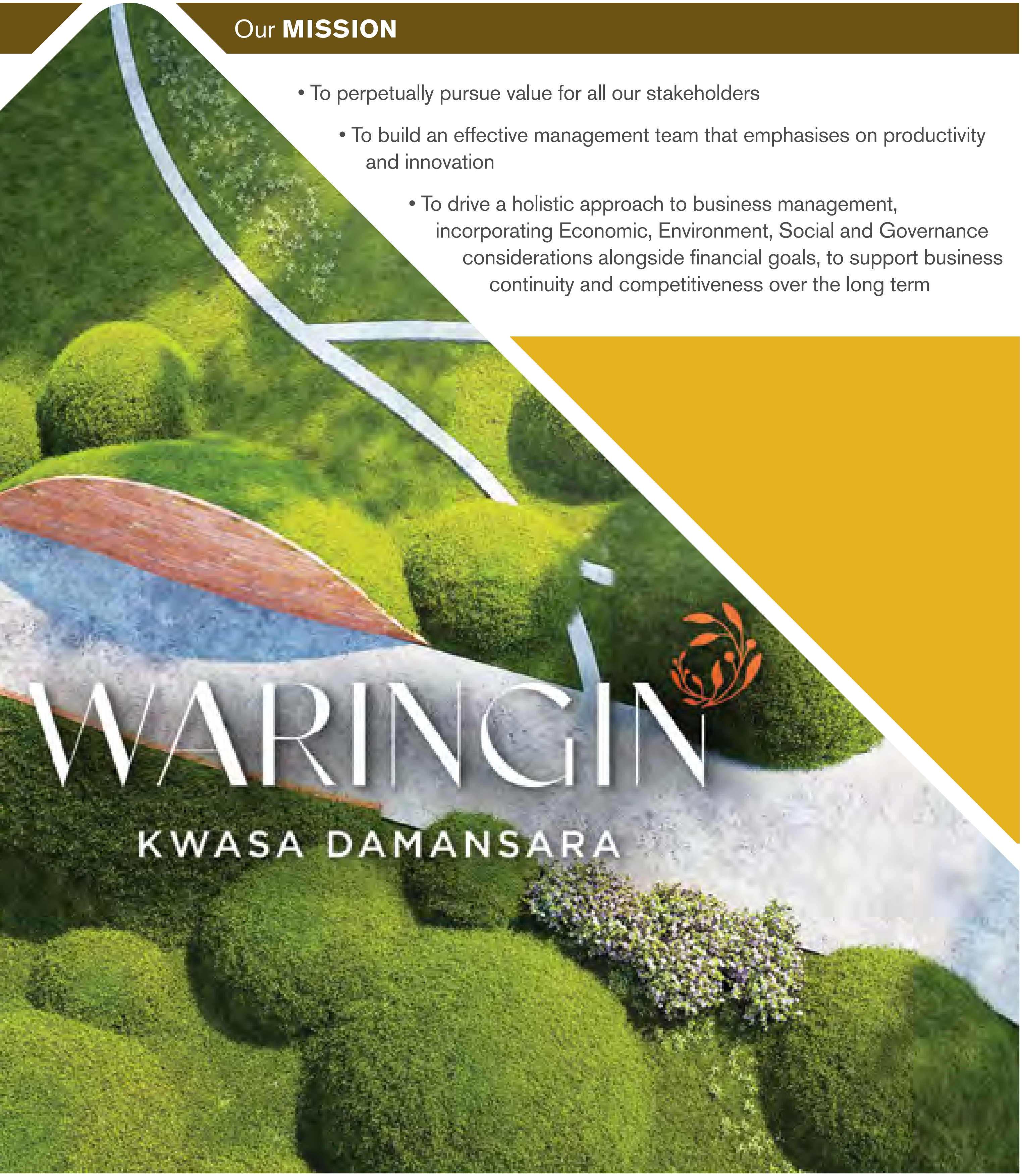
Gadang Holdings Berhad ("Gadang" or "the Company") was incorporated in Malaysia on 6 October 1993 as a public limited company under the name of Lai Sing Holdings Berhad. It was listed on the Second Board of Bursa Malaysia Securities Berhad on 2 September 1994 under the Construction Sector.

In 1997, Tan Sri Dato' Kok Onn, the Group Managing Director, became the major shareholder, took over the operations of the Company, and renamed it Gadang. On 24 December 2007, Gadang was transferred to the Main Board (now known as Main Market) under the same sector.

Gadang is an investment holding company with subsidiaries operating across diverse sectors, including earthworks, building and civil engineering construction, bored piling, plant and machinery hire, mechanical and electrical services, property development and management, water, and power concessions (including solar), as well as the provision of management services.

Our **MISSION**

- To perpetually pursue value for all our stakeholders
- To build an effective management team that emphasises on productivity and innovation
- To drive a holistic approach to business management, incorporating Economic, Environment, Social and Governance considerations alongside financial goals, to support business continuity and competitiveness over the long term



Our Businesses

Engineering & Construction

INSTITUT PERUBATAN FORENSIK NEGARA (IPFN)
Hospital Kuala Lumpur

CENTRAL SPINE ROAD
Seksyen 2B: Paloh 2 ke Bukit Sejuk Gua Musang, Kelantan

RAPID TRANSIT SYSTEM LINK (RTS LINK) BETWEEN JOHOR BAHRU AND SINGAPORE
Package 4: Bukit Chagar Station and Operation Control Centre
Package 6: Depot and Power Supply System

TM KLANG VALLEY DATA CENTRE, BLOCK 2
Cyberjaya, Selangor

KUALA LUMPUR - KARAK HIGHWAY
Package 2A: CH39000-CH47580

Property Development

AKASIA
Semenyih, Selangor Darul Ehsan

HANA RESIDENCE
Sungai Besi, Kuala Lumpur

LAMAN CITRA
Gelang Patah, Johor Darul Ta'zim

LAMAN WARINGIN
Kwasa Damansara, Selangor Darul Ehsan

Mechanical & Electrical

Lingkaran Tengah Utama (Central Spine Road) Pakej 2: Jambatan Sg. Lakit Ke Gua Musang, Kelantan, Seksyen 2B, Paloh 2 Ke Bukit Sejuk Supply and Install for Utilities Relocation works for **AIR KELANTAN SDN BHD**

Supply and install Electrical Services for Intel Pelican Project (Package F02C03 MEP Beta) for **EXYTE MALAYSIA SDN. BHD.**

EPCC of 5.9MWa.c. Solar Photovoltaic, Tawau, Sabah for **NUSANTARA SURIAMAS SDN BHD**

Supply and install Mechanical & Electrical Services for RTS Link (Package 4 & 6) for **RAPID TRANSIT SYSTEM (RTS) BETWEEN JOHOR BAHRU AND SINGAPORE**

Supply and install for Piloting Works (Package V4, V5 and V6) for **BAYAN LEPAS LIGHT RAIL TRANSIT (BL LRT)**

Design and development of Klang Valley Data Centre (KVDC) Block 2, Cyberjaya, Selangor for **TM TECHNOLOGY SERVICES SDN. BHD.**

Supply, delivery, installation, testing and comissioning of HT and LV Electrical Services for **TETUAN PERMODALAN NASIONAL BERHAD**

Utilities

WATER CONCESSION

PT TAMAN TIRTA SIDOARJO
Kabupaten Sidoarjo, Jawa Timur, Indonesia

PT HANARIDA TIRTA BIRAWA
Kabupaten Sidoarjo, Jawa Timur, Indonesia

PT DEWATA BANGUN TIRTA
Kabupaten Gresik, Jawa Timur, Indonesia

POWER CONCESSION

PT IKHWAN MEGA POWER
9MW Mini-hydro Power Plant,
Lintau, Kabupaten Tanah Datar, Sumatera Barat, Indonesia

NUSANTARA SURIAMAS SDN BHD
5.9MWa.c. Solar Photovoltaic, Tawau, Sabah

TENAGA ASPIRASI SDN BHD
15MWa.c. Large Scale Solar Photovoltaic,
Tawau, Sabah

Financial Calendar

for financial year ended 31 May 2025

ANNOUNCEMENT OF QUARTERLY RESULTS

First Financial Quarter
ended 31 August 2024
Announced 23 October 2024

Second Financial Quarter
ended 30 November 2024
Announced 22 January 2025

Third Financial Quarter
ended 28 February 2025
Announced 30 April 2025

Fourth Financial Quarter
ended 31 May 2025
Announced 23 July 2025

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

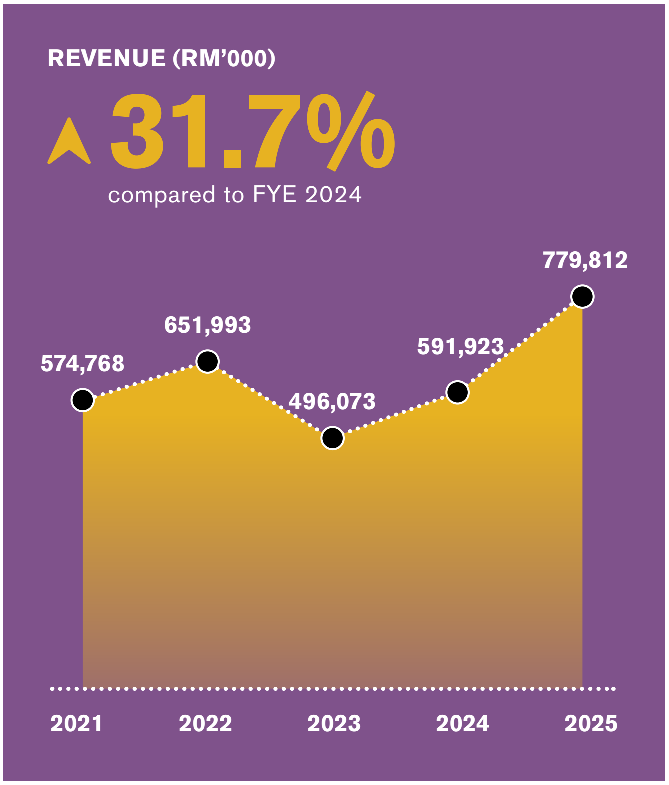
Notice of 32nd Annual General Meeting
24 September 2025

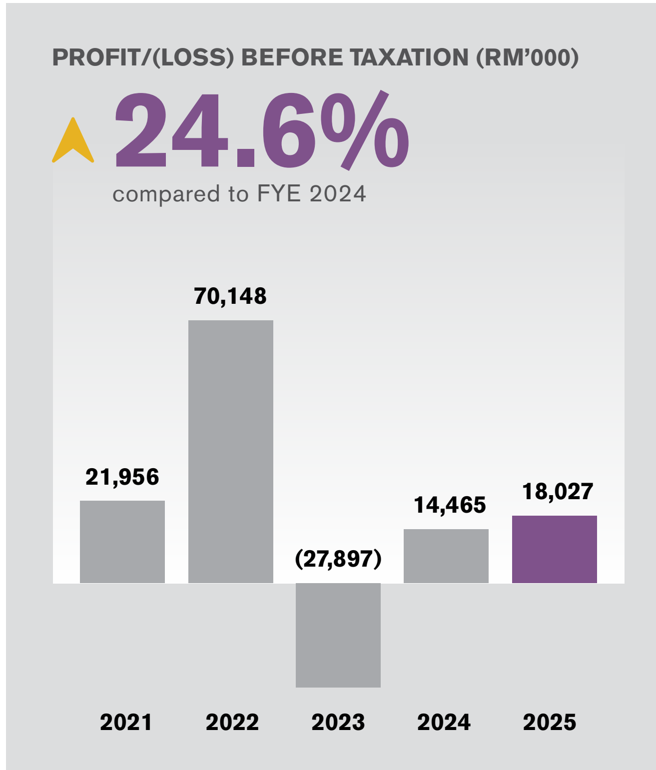
32nd Annual General Meeting
5 November 2025

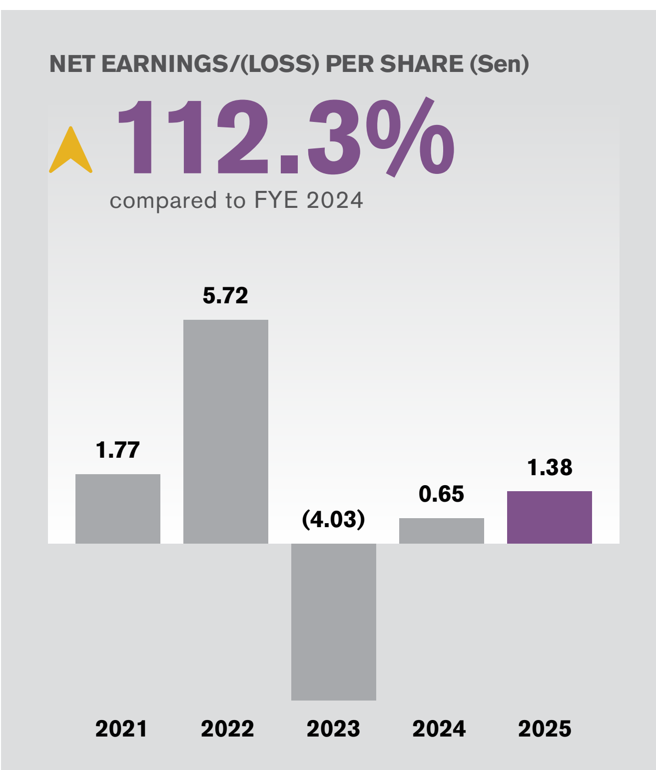
Financial Highlights

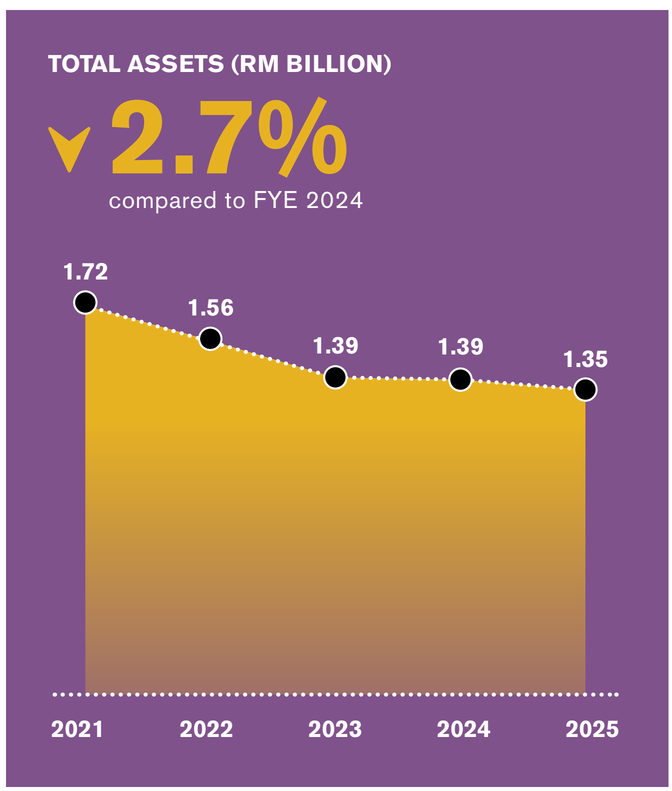
YEAR ENDED 31 MAY	2025 RM'000	2024 RM'000 (Restated)	2023 RM'000	2022 RM'000	2021 RM'000
REVENUE					
Construction	444,004	285,679	249,084	319,858	365,983
Property Development	300,991	270,596	220,375	304,903	183,138
Utilities	34,817	35,648	26,614	27,232	25,647
Investment Holding and Others	-	-	-	-	-
	779,812	591,923	496,073	651,993	574,768
PROFIT/(LOSS) BEFORE TAXATION					
Construction	6,277	(22,643)	(40,977)	4,210	109
Property Development	24,883	48,978	33,235	69,035	27,697
Utilities	5,456	4,915	(10,316)	6,655	7,243
Investment Holding and Others	(18,589)	(16,785)	(9,839)	(9,752)	(13,093)
	18,027	14,465	(27,897)	70,148	21,956
PROFIT/(LOSS) AFTER TAXATION	6,998	495	(41,196)	43,168	13,264
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	10,736	4,711	(29,324)	41,655	12,902
ISSUED SHARE CAPITAL	412,091	389,521	389,521	389,521	389,521
SHAREHOLDERS' FUNDS	816,542	791,862	792,452	825,399	782,119
TOTAL ASSETS	1,350,398	1,388,284	1,389,173	1,562,707	1,721,524
NET EARNINGS/(LOSS) PER SHARE (SEN)	1.38	0.65	(4.03)	5.72	1.77
NET ASSETS PER SHARE (RM)	1.02	1.09	1.09	1.13	1.07

Financial Highlights









Gadang Holdings Berhad

Corporate Structure

GADANG HOLDINGS BERHAD
199301023376 (278114-K)

Engineering & Construction

- 100% Gadang Engineering (M) Sdn Bhd
  - 100% Gadang Construction Sdn Bhd
  - 100% Bincon Sdn Bhd
  - 100% Kartamo Corporation Sdn Bhd
  - 51% Gadang CRFG Consortium Sdn Bhd*
  - 100% Yi Sheng Foundation Pte Ltd
    - 100% Usaha Pesona Sdn Bhd
    - 51% UA Foundation Pte Ltd

Utilities

- 100% Regional Utilities Sdn Bhd
  - 100% Asian Utilities Pte Ltd
    - 95% PT. Taman Tirta Sidoarjo
    - 95% PT. Hanarida Tirta Birawa
    - 60% PT. Ikhwan Mega Power
    - 95% PT. Dewata Bangun Tirta
    - 80% PT. Hidronusa Rawan Energi
  - 100% PT. Asian Utilities Indonesia
  - 70% Nusantara Suriamas Sdn Bhd
  - 60% Tenaga Aspirasi Sdn Bhd

Property Development

- 100% Achwell Property Sdn Bhd
- 100% Mandy Corporation Sdn Bhd
- 100% Gadang Land Sdn Bhd
  - 100% Gadang Properties Sdn Bhd
    - 100% Buildmark Sdn Bhd
  - 100% Noble Paradise Sdn Bhd
  - 100% Damai Klasik Sdn Bhd
  - 100% Magnaway Sdn Bhd
  - 100% Splendid Pavilion Sdn Bhd
  - 100% Sama Pesona Sdn Bhd
  - 100% City Version Sdn Bhd
  - 100% Natural Domain Sdn Bhd
  - 100% Crimson Villa Sdn Bhd
  - 100% Flora Masyhur Sdn Bhd
    - 100% Camar Ajaib Sdn Bhd
  - 100% Skyline Symphony Sdn Bhd
  - 100% Hillstrand Development Sdn Bhd
  - 100% Detik Tiara Sdn Bhd
  - 100% Prelude Avenue Sdn Bhd
  - 100% Tema Warisan Sdn Bhd
  - 100% Special Courtyard Sdn Bhd
  - 100% Elegance Sonata Sdn Bhd

Mechanical & Electrical

- 100% Datapuri Sdn Bhd
  - 45% Zeta Datapuri JV Sdn Bhd*

** Joint Venture*
Dormant companies are not included here

Corporate Information

BOARD OF DIRECTORS

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN
Chairman, Independent Non-Executive Director

TAN SRI DATO' KOK ONN
Group Managing Director

KOK PEI LING
Executive Director, Chief Financial Officer

HUANG SHI CHIN
Senior Independent Non-Executive Director

SHERMAN LAM YUEN SUEN
Independent Non-Executive Director

WONG PING ENG
Independent Non-Executive Director

AUDIT COMMITTEE

Sherman Lam Yuen Suen **(Chairman)**
Huang Shi Chin
Wong Ping Eng

NOMINATION & REMUNERATION COMMITTEE

Wong Ping Eng **(Chairman)**
Huang Shi Chin
Sherman Lam Yuen Suen

BOARD RISK & SUSTAINABILITY COMMITTEE

Huang Shi Chin **(Chairman)**
Sherman Lam Yuen Suen
Wong Ping Eng

SECRETARY

TAN SHIM CHIENG
SSM PC No. 201908001548
MAICSA 7013540

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Wisma Gadang, No. 52, Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel. : (03) 6279 6288
Fax. : (03) 6279 6376
E-mail : corporate@gadang.com.my
Website : www.gadang.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. : (03) 2783 9299
Fax. : (03) 2783 9222
E-mail : is.enquiry@vistra.com
Website : www.vistra.com

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : (03) 2788 9999
Fax. : (03) 2788 9998

PRINCIPAL BANKERS

Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : GADANG (Ordinary Shares)
Stock Code : 9261 (Ordinary Shares)
Stock Sector : Construction

Board of Directors

1 **Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican**
Chairman, Independent Non-Executive Director

2 **Tan Sri Dato' Kok Onn**
Group Managing Director

3 **Kok Pei Ling**
Executive Director, Chief Financial Officer

4 **Huang Shi Chin**
Senior Independent Non-Executive Director

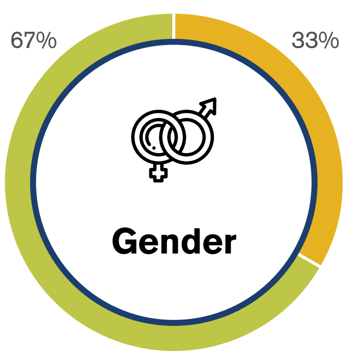
5 **Sherman Lam Yuen Suen**
Independent Non-Executive Director

6 **Wong Ping Eng**
Independent Non-Executive Director

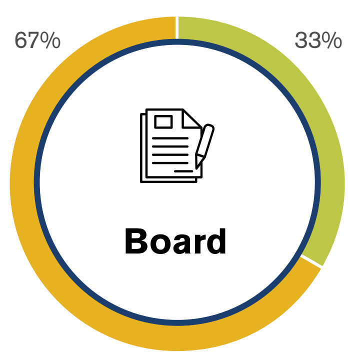
Annual Report **2025**

Board at a Glance

Our board comprises six (6) highly dedicated individuals with outstanding careers in the corporate world, both in economic/finance audit and other demanding industries.

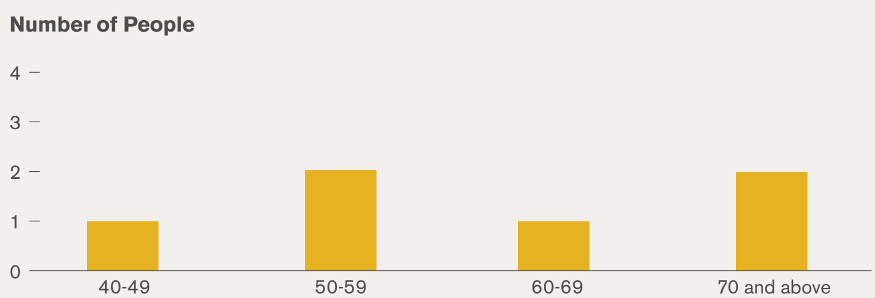


- Male
- Female



- Executive Director
- Independent Non-Executive Directors

AGE GROUP OF DIRECTORS



BOARD COMMITTEES

Huang Shi Chin

Wong Ping Eng

Sherman Lam Yuen Suen

- Nomination & Remuneration Committee
- Audit Committee
- Board Risk & Sustainability Committee

More than
29*
years of Experience
*on average

The Chairman
is an Independent Non-Executive Director

The positions
of the Chairman and the Group Managing Director are held by different individuals

Profile of Directors

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

Chairman, Independent
Non-Executive Director

Malaysian	77	Male

Date of Appointment
1 December 2016

Membership of Board Committees
Nil

Length of Service (as at 31 August 2025)
8 years 9 months

Academic/Professional Qualification(s)
- Bachelor of Medicine, Bachelor of Surgery (MBBS), University of Malaya
- Fellow of the American College of Physicians (F.A.C.P) (Hons, US)

Working Experience
- Director-General (DG) of Health of Malaysia (2005 till 2011)
- President of the Malaysian Medical Council
- Member of the Promotion Board of the Malaysian Civil Service
- Member of the Board of Directors of the National Heart Institute
- Chairman of the National Committee for Clinical Research
- Chairman of Drug Control Authority
- Chairman of National Poisons Board
- Chairman of Medicine Advertisement Board
- Chairman of Pharmacy Board

Other Directorship(s)
Listed Entities
- Nil

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

TAN SRI DATO' KOK ONN

Group Managing Director

Malaysian	74	Male

Date of Appointment
- 10 March 1997 as Joint Managing Director
- 2 September 1997 as Managing Director cum Chief Executive Officer
- 1 November 2022 designated as Group Managing Director

Membership of Board Committees
Nil

Length of Service (as at 31 August 2025)
28 years 6 months

Working Experience
Prior to joining the Company, he was the Group Chief Executive Officer of Bridgecon Holdings Berhad ("Bridgecon"). He was also the founder of Bridgecon Engineering Sdn Bhd ("BESB"), the wholly-owned subsidiary of Bridgecon. The achievements of BESB played a crucial role in the listing of Bridgecon on the Second Board of Bursa Malaysia Securities Berhad on 16 November 1994.

His exposure to the construction industry began in 1972 and since then, he has amassed extensive experience spanning more than 52 years. He has also gained vast knowledge and experience in most aspects of civil and structural engineering schemes, working on various projects in Malaysia, China, the Middle East, and South Africa.

He was also the person who transformed Bridgecon from a pure construction company to activities involving manufacturing and supply of ready mixed concrete, concrete pumping, quarrying, property and resort development, as well as international ventures, where he spearheaded Bridgecon's venture into three (3) toll expressway operations in the People's Republic of China.

Other Directorship(s)
Listed Entities
- Nil

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

Profile of Directors

KOK PEI LING

Executive Director, Chief Financial Officer

Malaysian	43	Female

Date of Appointment
2 January 2013

Membership of Board Committees
Nil

Length of Service (as at 31 August 2025)
12 years 8 months

Academic/Professional Qualification(s)
- Bachelor of Commerce (Finance and Management), University of Melbourne, Australia

Working Experience
She commenced her career in April 2004 as a consultant specialising in Corporate Recovery and Insolvency at BDO Capital Consultants Sdn Bhd. During her tenure from April 2004 to June 2006, she gained exposure to restructuring and recovery strategies, and financial consulting.

She then joined OSK Investment Bank Berhad as an Associate for Debt Capital Markets from June 2006 to May 2007. In OSK she garnered her experience in debt capital markets, structuring and debt financing.

Before joining the Company in September 2009, she was the Assistant Manager (Investment Banking) of OCBC Bank (M) Berhad. Her role at OCBC Bank further enriched her exposure to investment banking and she acquired useful knowledge in financial advisory and capital market transactions.

Other Directorship(s)
Listed Entities
- Nil

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

HUANG SHI CHIN

Senior Independent Non-Executive Director

Malaysian	67	Male

Date of Appointment
1 August 2017

Membership of Board Committees
- Audit Committee
- Nomination & Remuneration Committee
- Board Risk & Sustainability Committee (Chairman)

Length of Service (as at 31 August 2025)
8 years 1 month

Academic/Professional Qualification(s)
- Member, The Institute of Chartered Accountants, England & Wales
- Member, Malaysian Institute of Accountants

Working Experience
An Accountant by profession, Mr Huang previously worked for a well-known FMCG public listed company in Malaysia for over 21 years, first as its Finance Director and later as Corporate Affairs Director. He also served as an Executive Director on its Board for nine (9) years.

He has extensive experience in financial reporting, risk management, and regulatory framework, as well as in corporate affairs & communication and human capital development & management.

Prior to that, he worked in public accounting firms, including two (2) of the leading public accounting firms in Malaysia, specialising in audit and due diligence.

Other Directorship(s)
Listed Entities
- Nil

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

Gadang Holdings Berhad

Profile of Directors

SHERMAN LAM YUEN SUEN

Independent Non-Executive Director

Malaysian	52	Male

Date of Appointment
16 August 2021

Membership of Board Committees
- Audit Committee (Chairman)
- Nomination & Remuneration Committee
- Board Risk & Sustainability Committee

Length of Service (as at 31 August 2025)
4 years 1/2 month

Academic/Professional Qualification(s)
- Master of Business Administration (Finance), Charles Sturt University, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Fellow Member, The Chartered Institute of Management Accountants, U.K.
- Fellow Member, CPA Australia
- Chartered Member, The Institute of Internal Auditors Malaysia
- CFP™ Certified Member, The Financial Planning Association of Malaysia
- Member, Institute of Corporate Directors Malaysia
- ESG & Sustainable Financial Strategy Program by Said Business School, Oxford University

Working Experience
Mr Lam started his career with Fulton Prebon (M) Sdn Bhd, a financial services subsidiary of Seacorp (a PNB company) in 1995. He then joined Treasury Division of Utama Merchant Bank Berhad, (an investment bank jointly owned by Utama Banking Group Berhad and HSBC Investment Bank Asia Ltd) in 1997. He rose to the position of Chief Dealer and Treasury Manager during his tenure there. Thereafter in mid-2000, he joined Nikkei Pacific Corporate Advisors, a regional corporate finance advisory firm as an Associate Director where he advised on several large corporate restructuring and capital raising exercises in Indonesia and Malaysia.

From 2002 - 2023, Mr Lam was the Managing Director of Cirrus Ventures group, a regional private equity/venture capital investments and corporate strategic consulting services firm. He has more than 25 years of broad-based senior management experience in corporate advisory, treasury management, capital markets, corporate finance and investments with financial institutions as well as corporate board experience in listed public and privately held entities in Malaysia, Singapore, Indonesia and China. He is currently the Managing Partner of Sherman Lam & Co., a Chartered Accountant firm and Deputy Secretary of the China-ASEAN (Malaysia) Entrepreneurs Association.

Other Directorship(s)
Listed Entities
- Hiap Teck Venture Berhad

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

WONG PING ENG

Independent Non-Executive Director

Malaysian	52	Female

Date of Appointment
25 May 2022

Membership of Board Committees
- Audit Committee
- Nomination & Remuneration Committee (Chairman)
- Board Risk & Sustainability Committee

Length of Service (as at 31 August 2025)
3 years 3 months

Academic/Professional Qualifications
- Member, Association of Chartered Certified Accountants (ACCA)
- Member, Malaysian Institute of Accountants

Working Experience
She has more than 27 years of experience in management and the financial accounting fields. She started her career as an Audit Assistant at KPMG, Kuching, from September 1997 until December 2000. In January 2001, she joined Naim Land Sdn. Bhd., a subsidiary of Naim Holdings Berhad ("Naim") as an Accountant. In April 2004, she was appointed as Operations Manager for Naim's Bandar Baru Permyjaya project in Miri, where she was responsible for managing the whole of Naim's Miri operations.

In July 2008, she was promoted to Vice President – Finance and Accounts, to oversee the Group Finance and Accounts Division. She was subsequently promoted to Deputy Director – Finance & IT Division in July 2010, and in September 2012, she was promoted to Senior Director for Naim's Group Support Services Division, comprising Finance & Accounts, Administration, Human Resources, and Information Technology. She was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013, she was redesignated as the Deputy Managing Director of Naim Holdings Berhad, a position that she held until her early retirement on 31 December 2020. On 20 February 2025, she was appointed as a Non Independent Non-Executive Director of Dayang Enterprise Holdings Berhad. She is currently an executive director for several private limited companies.

Other Directorship(s)
Listed Entities
- Dayang Enterprise Holdings Berhad

Public Companies
- Nil

Board Meeting Attendance in Financial Year 2025
6/6

Profile of Directors

Notes:

Family Relationship with Director and/or Major Shareholder

1. *Tan Sri Dato' Kok Onn, is the father of Kok Pei Ling and spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company.*

Conflict of Interest ("COI") or Potential COI

2. *Details of the conflicts of interest (actual and potential) involving Tan Sri Dato' Kok Onn, Kok Pei Ling and Sherman Lam Yuen Suen are disclosed in the Audit Committee Report of this Annual Report.*

3. *Save as disclosed, none of the Directors has:*

    a) *any family relationship with any Director and/or major shareholder of the Company;*

    b) *any conflict of interest with the Group;*

    c) *any conviction for offences (other than traffic offences) within the past five (5) years; and*

    d) *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Profile of Key Senior Management

Liew Swee Kong

Managing Director, Gadang Engineering (M) Sdn Bhd
(Construction Division)

Malaysian | Male | 53

Date of Appointment as Key Senior Management
1 November 2012

Academic/Professional Qualification(s)

- Bachelor of Electrical Engineering, University of Teknologi Malaysia

Working Experience

Mr Liew Swee Kong began his career with KTA Tenaga Sdn Bhd in 1995 as an Electrical Engineer. He was in charge of design and implementation works for high-rise buildings, hospitals and oil & gas facilities. He joined Gadang Engineering (M) Sdn Bhd ("GESB") as a Project Manager in September 2000 to manage telecommunication works throughout Malaysia before he was appointed as Director of Datapuri Sdn Bhd, the Mechanical & Engineering Division of the Group on 1 April 2001. He joined GESB in 2021 as a Director and was promoted to the position of Deputy Managing Director of GESB in June 2024. He was redesignated to Managing Director of GESB effective June 2025.

Yu Kang Huai

Managing Director, Gadang Land Sdn Bhd
(Property Division)

Malaysian | Male | 53

Date of Appointment as Key Senior Management
1 September 2020

Academic/Professional Qualification(s)

- Bachelor of Engineering (Hons) in Civil Engineering, University of Teknologi Malaysia

Working Experience

He joined Gadang Land Sdn Bhd in 2010 as Project Senior Manager. He was subsequently promoted to Project General Manager in 2014 and Chief Operating Officer in charge of the Property Division of the Group in 2017.

He has more than 24 years of experience in the property industry. Previously, he was attached to TY LIN International Sdn Bhd, Mahajaya Berhad and Permatanah Sdn Bhd.

Profile of Key Senior Management

Pui Yen Yew, Gary

Chief Operating Officer, Regional Utilities Sdn Bhd
(Utilities Division)

Malaysian | Male | 50

Date of Appointment as Key Senior Management
1 March 2024

Academic/Professional Qualification(s)

- Chartered Institute of Marketing (CIM), UK
- The Association of Chartered Certified Accountants (ACCA), UK
- Master of Business Administration, University of Ballarat, Australia

Working Experience

Mr Gary Pui joined Regional Utilities Sdn Bhd as Head of Operations in the year 2018, he was redesignated as Chief Operating Officer on 1 March 2024. Currently, Mr. Gary Pui is responsible for the overall day-to-day management and formulation of the company's business plan and strategies.

He began his career as an audit assistant in 1997. In the year 2001, he left Tay & Associates and joined Zelan Construction Sdn Bhd as Senior Executive, Finance then Senior Manager, Finance before his present appointment. He has over 23 years of working experience involved in corporate & project financing, budgetary cost control & monitoring, and tender & concession evaluation for construction and utilities industries; especially in Indonesian business operations.

He holds a Master's Degree in Business Administration from the University of Ballarat, Australia and graduated from the Chartered Institute of Marketing (UK) (CIM). He is a Chartered Accountant member of the Malaysian Institute of Accountants (MIA), and a Fellow member of the Association of Chartered Certified Accountants (UK) (ACCA).

Chan Chee Wai

Chief Operating Officer, Datapuri Sdn Bhd
(Mechanical & Electrical Division)

Malaysian | Male | 47

Date of Appointment as Key Senior Management
22 June 2018

Academic/Professional Qualification(s)

- Diploma in Mechanical Engineering

Working Experience

He began his career at Datapuri Sdn Bhd as a Project Engineer. Over the years, he accumulated extensive experience managing Mechanical & Electrical (M&E) services projects across various sectors, including commercial buildings, infrastructure, steel bridges, tunnels, and solar power plants. On 22 June 2018, he was promoted to Chief Operating Officer/Executive Director.

Notes:

Other Information on Key Senior Management
Save as disclosed, none of the Key Senior Management has:
1. *any directorship in public companies and listed issuers;*
2. *any family relationship with any Directors and/or major shareholders of the Company, except for Liew Swee Kong who is the nephew of Tan Sri Dato' Kok Onn and cousin of Kok Pei Ling, who are members of the Board of the Company;*
3. *any conflict of interest with the Company;*
4. *any conviction for offences within the past five (5) years; and*
5. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Management Discussion & ANALYSIS

Dear Valued Shareholders,

On behalf of Management and the Board of Directors, we would like to present the Management Discussion & Analysis of Gadang Holdings Berhad ("Gadang" or "the Company") for the financial year ended 31 May 2025 ("FYE 2025").

Management Discussion & Analysis

REVENUE
RM779.8 million
(FYE 2024: RM591.9 million)

PROFIT BEFORE TAX
RM18.0 million
(FYE 2024: RM14.5 million)

EBITDA
RM43.2 million
(FYE 2024: RM42.8 million)

Topping out ceremony for TM Klang Valley Data Centre Block 2

ECONOMIC LANDSCAPE

The global economy remains vulnerable, influenced by escalating trade disputes and increasing policy uncertainty. The recent reciprocal tariff war continues to be the major economic risk for global trade growth, particularly from increasing production costs, disrupt international supply chains, and intensified financial instability.

The uncertainty surrounding trade and economic policies, along with a volatile geopolitical environment, is causing businesses to delay or scale back essential investment plans. These factors are worsening the existing challenges such as elevated debt levels and weak productivity growth, placing further strain on global economic prospects.

Despite the challenging global conditions, Malaysia's domestic growth is expected to remain resilient, projected to grow between 4.0% to 4.8% in 2025. The anticipated growth is driven by robust domestic spending, stable investment activities and exports are likely to gain from the on-going global technology upcycle and increased tourist spending.

FINANCIAL PERFORMANCE OVERVIEW

For FYE 2025, Gadang and its subsidiaries ("the Group") reported a revenue of RM779.8 million, marking a 32% increase from RM591.9 million in the previous year. This strong performance was primarily supported by significant work progress in the Construction Division, the disposal of a development land and improved sales from the Property Division.

Amid rising revenue, the Group reported a profit before tax of RM18.0 million, representing a 25% increase from the RM14.5 million recorded in the previous year. This improvement was mainly driven by stronger performance in the Construction Division.

The Construction Division continued to be the main revenue contributor to the Group, recording a revenue of RM444.0 million (FYE 2024: RM285.7 million), an improvement of 55% from the previous financial year, mainly due to higher work progress on existing construction projects and contribution from the previous year's newly secured project. In line with the revenue growth, the Division contributed a profit before tax of RM6.3 million, a significant rebound from the previous year's loss before tax of RM22.6 million. The Division's profit was mainly attributed to acceleration claims from a project and the finalisation of a project account, which resulted in the reversal of both impairment losses and liquidated ascertained damages provided for in the previous year.

The Property Division's revenue for the current year increased to RM301.0 million (FYE 2024: RM270.6 million), while the profit before tax decreased to RM24.9 million (FYE 2024: RM49.0 million). Despite improved sales performance, the Division reported lower profit contributions mainly due to a provision of RM19.0 million arising from a mutual termination agreement anticipated to be finalised in the final quarter of 2025.

Management Discussion & Analysis

The Utilities Division registered a profit before tax of RM5.5 million (FYE 2024: RM4.9 million), on the back of revenue of RM34.8 million (FYE 2024: RM35.6 million). The marginally higher profit was attributed to the lower operating costs in the current year.

FINANCIAL POSITION OVERVIEW

The Group's financial position remained stable in FYE 2025 as shown below:

Financial Ratio	FYE 2025	FYE 2024
Current ratio	**2.43 times**	2.47 times
Total equity	**RM804.8 million**	RM783.2 million
Net assets per share	**RM1.02**	RM1.09

Current Ratio (current assets/current liabilities)
The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, decreased marginally to 2.43 times (FYE 2024: 2.47 times). The current ratio indicates that the Group has adequate liquidity to meet its short-term commitments and working capital requirements.

Total Equity
Total equity continued to grow by 3% to RM804.8 million on higher retained earnings, coupled with the completion of a private placement exercise.

STATEMENTS OF CASH FLOWS

	FYE 2025 RM million	FYE 2024 RM million
Net cash generated from operating activities	**76.9**	34.2
Net cash used in investing activities	**(24.3)**	(30.3)
Net cash generated from/(used in) financing activities	**25.5**	(48.5)

Net cash generated from operating activities
The net operating cash inflow was principally due to the collections from our business activities.

Net cash used in investing activities
The net investing cash outflow arose mainly from the construction of the 5.9MWa.c. solar photovoltaic energy generating facility located in Tawau, Sabah.

Net cash generated from financing activities
The net financing cash inflow arose mainly from the net drawdown of Group borrowings and funds raised through the issuance of ordinary shares via a private placement exercise.

CAPITAL MANAGEMENT

	FYE 2025 RM million	FYE 2024 RM million
Total borrowings	**200.3**	187.2
Total cash & bank balances, and investment securities	**263.4**	171.4
(Net cash surplus)/ net borrowings	**(63.1)**	15.8
Total equity	**804.8**	783.2
Net gearing ratio (times)	**NA**	0.02

Our approach to capital management is to maintain a strong capital base and sound capital ratios to support our daily operations without disruption. The Group practices prudent treasury management to remain agile in meeting operational demands, managing financial market volatility, and seizing investment opportunities. Our funds are invested in a diversified portfolio comprising money market instruments and selectively chosen investment funds. Our objective is to continuously improve treasury, liquidity, and risk management efforts, with a focus on lowering the weighted average cost of capital while optimising returns or yields on cash and cash equivalents.

The Group's total borrowings increased from RM187.2 million in FYE 2024 to RM200.3 million in FYE 2025, due to the drawdown of long-term borrowings to finance the remaining purchase price of Kwasa Damansara land and the construction of the 5.9MWa.c. solar photovoltaic energy generating facility located in Tawau, Sabah, net of repayments on short-term borrowings for on-going construction projects. However, the impact of this increase was mitigated by an improvement in cash and cash equivalents during FYE 2025.

Management Discussion & Analysis

Precast Arch Bridge installation for Central Spine Road project at Gua Musang, Kelantan

The Group ensures the availability of adequate internal funds and credit facilities to seize any emerging project opportunities in the market. To manage interest rate and liquidity risks, the Group maintains a well-diversified and strategically structured borrowing portfolio. Our credit facilities include term loans, revolving credits, invoice financing, and bank guarantees such as performance bonds, advanced payment bonds and tender bonds.

Total capital expenditure incurred in FYE 2025 was RM14.9 million, comprising mainly the construction of the 5.9MWa.c. solar photovoltaic energy generating facility located in Tawau, Sabah, amounting to RM12.6 million and the acquisition of property plant and equipment, and motor vehicles amounting to RM1.1 million.

PROPOSED DIVIDEND

The Board is pleased to recommend a first and final dividend of 0.27 sen per ordinary share for FYE 2025, to be approved by the shareholders at the forthcoming Annual General Meeting.

The estimated dividend payment, based on the current share capital, amounts to approximately RM2.2 million. This represents a dividend payout ratio of about 20% of the Group's profit after tax and minority interest of RM10.7 million. While proposing this dividend, the Group remains focused on conserving cash in view of on-going business and economic uncertainties in order to support operational continuity.

BUSINESS OPERATIONS REVIEW

Construction Division

During the financial year under review, the Division successfully executed the Railway Transit Link ("RTS") Project, including the Depot and Bukit Chagar Station, in accordance with the scheduled timeline. Meanwhile, the construction activities gained momentum during the financial year for the Klang Valley Data Centre project, which was awarded in April 2024 and remains on track for completion in financial year ending 2026.

As part of its on-going efforts to replenish the order book, the Division successfully secured a contract for the Kuala Lumpur-Karak Highway Expansion Work (Package 2A) in July 2025, with a total contract value of approximately RM93.0 million. The Division's outstanding order book, amounting to approximately RM839.0 million, is expected to support stable earnings for the Group over the next few years. Moving forward, the Division will remain focused on the effective execution and timely completion of all on-going projects, with emphasis on enhancing cost efficiency and maintaining a healthy cash flow position.

Demonstrating its strong commitment to safety excellence, the Division has received recognition via the safety award by the Quest 2024 - Main Award (Infrastructure Category) in October 2024 and the MiSHA Award 2024 - Platinum (RTS Project) in December 2024.

Despite the limited availability of public infrastructure projects and the challenges in securing new contracts in FYE 2025, the Division remains committed to pursuing opportunities across various sectors, including water infrastructure and industrial buildings, to strengthen its order book and enhance its bottom line. Additionally, the Division is exploring opportunities in East Malaysia, recognising the region's strong potential for new construction projects in the near to medium term, supported by both state and national development initiatives outlined in the 2025 Budget.

The Division remains optimistic with a prudent outlook for the infrastructure project segment, supported by the anticipated roll-out of large-scale public infrastructure initiatives in 2025 by the government and government-linked

Management Discussion & Analysis

Laman Citra Phase 4, Gelang Patah, Johor

companies. These include projects such as the Light Rail Transit systems in Penang and Johor, the expansion of Penang International Airport, the Klang Valley Mass Rapid Transit Line 3, and various flood mitigation projects. In the private sector, the influx of foreign investments is contributing to increased demand for data centres and industrial buildings. Nonetheless, the overall availability of construction jobs remains limited, and project margins are expected to remain under pressure due to intense competition in tender pricing and rising input costs. The Division remains prudent and vigilant in light of the on-going geopolitical tensions in the global economic environment which could have implications on the domestic economy.

Property Division

The property industry continues to undergo structural changes amidst persistent inflationary pressures and evolving macroeconomic and geopolitical conditions. Nevertheless, the Property Division remains optimistic on the property market outlook for the coming year.

During the financial year under review, the Division launched two (2) new developments, namely Gelang Patah Phase 4 in Johor, comprising 332 units of terrace houses, and Akasia in Semenyih, featuring 149 units of double-storey terrace homes. Collectively, these projects have a combined gross development value ("GDV") of approximately RM350 million.

The Division recorded a commendable performance in FYE 2025, with total sales reaching RM310.4 million, representing a 13% increase from RM274.1 million in FYE 2024. This growth was primarily driven by strong demand for Hana Residence in Sungai Besi and Laman Citra Phase 4 in Gelang Patah. Continued innovation in product design and responsiveness to evolving market preferences have contributed to the positive market reception of our launches. The Division will continue to implement tailored marketing initiatives, along with strategic innovative approach to new launches, with a particular focus on key projects in Kwasa Damansara and Gelang Patah Phase 3 in the upcoming year.

As of FYE 2025, the Division's landbank stands at 106 acres, carrying an estimated GDV of RM1.1 billion and unbilled sales of RM297.2 million. Looking ahead to financial year ending 2026, the Division remains focused on strengthening its asset portfolio through targeted land acquisitions and strategic joint ventures.

Another key area of focus is the enhancement of sustainability practices. The Division is committed to securing green building certifications across its developments, in line with our Environmental, Social, and Governance aspirations. These efforts not only improve the environmental credentials of our projects but also bolster their long-term value and appeal to a broader market.

Through these strategic initiatives, the Property Division reaffirms its commitment to value creation, operational excellence, and sustained growth in the property development sector.

Utilities Division

During the financial year under review, the Division maintained a stable performance from its concession assets in both the water and power sectors in Indonesia. These assets continue to generate sustainable revenue streams and healthy cash flows for the Division.

The Division's water treatment operations in Indonesia remained a core contributor to stable revenue and cash flow throughout FYE 2025. Indonesia is projected to require approximately IDR26,380 trillion in funding by 2030 for the development of its water systems. Thus, the Indonesia government is actively promoting Public-Private Partnership initiatives for drinking water projects in the Java region, primarily targeting foreign investors to participate in this national master plan.

As for the power operation segment in Indonesia, the 9MW mini-hydro power plant in Lintau, West Sumatera, has delivered consistent revenue and strengthened the Division's track record with PT Perusahaan Listrik Negara. This track record, positions the Division well to participate in future potential tenders in Indonesia, aligning with the country's ambitious renewable energy expansion plans under Rencana Usaha Penyediaan Tenaga Listrik.

In Malaysia, the 5.9MWa.c. solar photovoltaic plant in Tawau, Sabah, has entered the testing and commissioning stage and is expected to achieve commercial operation by the second quarter of financial year ending 2026. This project further strengthens our renewable energy footprint and supports the national green energy transition agenda.

In December 2024, the Division through a strategic partnership, successfully secured a Letter of Notification from the Energy Commission of Sabah ("ECoS") for the development of a 15MWa.c. Large-Scale Solar ("LSS") Photovoltaic Plant under the LSS Sabah 2024 programme. Located in Tawau, Sabah, this project marks a significant milestone in our renewable energy expansion efforts.

Looking ahead, the Division remains focused on strengthening the value of its existing investment portfolio in the power and water segments through cost optimisation and operational efficiency to improve financial performance. At the same time, the Division remains cautiously optimistic in exploring new opportunities in renewable energy and water sectors to further enhance its long-term concession asset portfolio.

SUSTAINABILITY

Sustainability is central to Gadang's business approach. We persist in integrating sustainability into every facet of our operations, influenced by material matters under the Economic, Environmental, and Social ("EES") pillars.

In advancing our sustainability objectives, we have in place a strong corporate governance framework that promotes compliance, transparency and fostering long-term stakeholder trust. We are proud to have been ranked in the Top 50 of PLCs in the 2024 National Corporate Governance and Sustainability Excellence Award that was organised by the Minority Shareholders Watch Group in September 2024.

With regard to the Economic pillar, our focus is to generate profits and foster sustainable growth. We continually work to improve our operational efficiency, manage project risks effectively and create value across our three (3) main sectors i.e. Construction, Property, and Utilities. Sustainability is ingrained in our daily project activities and management, ensuring that we stay robust and relevant in a rapidly evolving landscape.

In alignment with the Environmental pillar and to support the national goal of achieving net-zero greenhouse gas emissions by 2050, we have broadened our renewable energy portfolio. Our 9MW mini-hydro facility in Lintau, Indonesia is now fully operational. In Malaysia, our 5.9MWa.c. solar photovoltaic plant in Tawau, Sabah, is close to completion and is set to commence operations in the upcoming financial year. Additionally, we are making progress on the development of a 15MWa.c. LSS project in the same region, which is expected to commence construction in the second quarter of financial year ending 2026.

On the Social front, we continue to focus on ensuring the safety and well-being of our employees and the public. We take pride in achieving an eight-year streak of zero fatalities and have received seven (7) safety awards this year from SHASSIC and MiSHA, which clearly highlights our strong dedication to Safety, Health, and Environment ("SHE") practices. Furthermore, we remain committed to contributing to society through community outreach initiatives that foster inclusivity and social well-being.

In support of the National Sustainability Reporting Framework ("NSRF"), which includes the International Financial Reporting Standards ("IFRS") S1 and S2 standards, we are diligently preparing our employees through training and awareness initiatives. This approach promotes compliance while enhancing our internal skills and abilities to handle sustainability-related risks and opportunities.

Full details of our sustainability initiatives and achievements are available in the Sustainability Statement of this Annual Report.

Gadang Holdings Berhad

Management Discussion & Analysis

OUTLOOK AND GROWTH STRATEGIES

Malaysia's construction industry is projected to achieve an average annual growth rate of 4.5% from 2026 to 2029, driven by continued investments in transport infrastructure projects, the expansion of renewable energy initiatives, and the New Industrial Master Plan 2030 (NIMP 2030) with its focus on Industry 4.0 and the adoption of digital technologies.

The Construction Division will continue its efforts to pursue and secure new contracts to strengthen its order book. Looking ahead, the Division's performance is expected to remain satisfactory, backed by the existing outstanding order book that supports sustainable revenue and profit growth. Nonetheless, the Division remains vigilant in light of on-going business uncertainties stemming from the geopolitical landscape and global trade tensions. Meanwhile, the Division will continue to prioritise on timely execution and completion of its current projects.

5.9MWa.c. Solar Photovoltaic Plant at Tawau, Sabah

The residential property industry is expected to remain stable with positive growth prospects, supported by resilient demand and improved market sentiment. The focus will largely remain on landed residential properties, as well as affordable high-rise apartments in major towns and cities, particularly in high-growth or highly sought-after locations. Building on this momentum, the Property Division remains cautiously optimistic on the opportunities ahead and is actively pursuing land bank replenishment which aligns with prevailing market trends.

The Property Division will remain vigilant to evolving customer needs and agile in its strategies, aiming to launch products that align with market demand while reallocating resources to enhance operational efficiency.

The Utilities Division is expected to continue generating recurring revenue through its existing concessions. The completion of the 5.9MWa.c. solar photovoltaic plant in Tawau, Sabah, along with the recent successful bid to develop a 15MWa.c. LSS photovoltaic plant in the same location, is anticipated to further enhance its recurring income in the coming years. Concurrently, the Group remains committed to pursuing strategic investments aimed at strengthening its concession asset base, particularly in the renewable energy sector. These efforts aim to diversify the Group's income streams and mitigate potential business volatility.

The Group remains mindful of rising operational costs due to tightening compliance requirements and the anticipated revision and expansion of the Sales and Service Tax ("SST") effective July 2025. These changes are expected to exert additional cost pressures on construction and development activities. In response, the Group will continue to focus on prudent cost management and disciplined project execution to safeguard profit margins and ensure the timely delivery of projects.

ACKNOWLEDGEMENT

On behalf of the Board and Management, we extend our heartfelt appreciation to all employees for their dedication, resilience, and loyalty, as well as for aligning with our vision in building a stronger future together. We also sincerely thank our shareholders and stakeholders for their continued patience, trust, and unwavering support as we undertake new challenges and pursue future opportunities.

Looking ahead to financial year ending 2026 and beyond, we remain committed to identifying areas for improvement and adapting effectively to the current business environment, with the goal of strengthening our performance and delivering greater value to our shareholders and stakeholders.

Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican
Chairman

Tan Sri Dato' Kok Onn
Group Managing Director

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Gadang Holdings Berhad ("Gadang" or "the Company") is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency, and professionalism to protect and enhance shareholders' value and the financial position of the Group.

This Corporate Governance Overview Statement ("the Statement") provides insights into the corporate governance practices of the Group under the leadership of the Board for the financial year ended 31 May 2025 ("FYE 2025").

The Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Essentially, this statement takes guidance from the following three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance ("MCCG"):

MCCG PRINCIPLE A: Board Leadership and Effectiveness

MCCG PRINCIPLE B: Effective Audit and Risk Management

MCCG PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The Company has applied all applicable Practices set out in the MCCG for FYE 2025, except for:

PRACTICE 8.2	The board discloses on a named basis the top five senior management's remuneration components, including salary, bonus, benefits-in-kind, and other emoluments in bands of RM50,000.

The explanation for the departure from Practice 8.2 and the measures to be taken are provided in the Corporate Governance Report 2025 of the Company ("CG Report 2025").

This statement is to be read together with the CG Report 2025, which is available on the Company's website at www.gadang.com.my. The CG Report 2025 details how the Company has applied each Practice as set out in the MCCG during FYE 2025.

PRINCIPLE A: Board Leadership and Effectiveness

I Board Responsibilities

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides effective leadership and guidance to steer the Group towards its strategic goals and maintain strong governance practices. The Board is responsible for the proper stewardship of the Group's business, ensuring the creation of long-term value for its shareholders and other stakeholders.

Corporate Governance Overview Statement

The principal duties and responsibilities of the Board include:

a) Reviewing and adopting strategic plans for the Group.
b) Overseeing the conduct of business and performance of the Group to ensure they are properly and appropriately managed to achieve performance targets.
c) Identifying principal risks and ensuring the implementation of appropriate internal control systems to identify and manage risks to protect the Group's assets and ensure long-term sustainability.
d) Ensuring the establishment of succession planning for key positions, including processes for recruiting Senior Management with high standards of integrity and competence and providing training, development and retention programmes to maintain leadership continuity.
e) Reviewing the adequacy and integrity of the internal control system of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
f) Overseeing the development and implementation of an effective communication policy for the Group.
g) Overseeing the sustainability risks and opportunities.

To ensure effective governance, the Board confers specific powers to relevant Board Committees and delegates the day-to-day operation of the businesses to the Group Managing Director ("Group MD"), with support from Management team.

The Board Committees were established to assist the Board in overseeing specific responsibility areas, each operates within the defined terms of reference and provides summaries of key deliberations and decisions to the Board for monitoring. While the Board Committees may examine issues and provide recommendations, the ultimate responsibility for all matters lies with the Board.

Leadership Structure and Governance Framework

The Board has put in place a leadership structure and governance framework, as presented below, to ensure effective demarcation and discharge of duties among the Directors and Management team:

Corporate Governance Overview Statement

The Board

Responsible for the overall conduct of the Group's business, including driving its long-term success, setting values, standards, and strategic objectives, reviewing the performance, and ensuring a successful dialogue with its shareholders.

Chairman

- Plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders.
- Responsible for instilling good corporate governance practices, leadership, and effectiveness of the Board.

Independent Non-Executive Directors

- Act as a bridge between Management and stakeholders, particularly shareholders.
- Provide the relevant checks and balances on the acts of the Board and Management of the Company, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

Senior Independent Non-Executive Director

- Acts as a sounding board to the Chair.
- Acts as an intermediary for other Directors, when necessary.
- Available to respond to shareholder concerns when contact through normal channels is inappropriate.

Board Committees

Delegated by the Board, they are responsible for maintaining effective governance in the respective areas.

Audit Committee

- Examines the integrity of the Company's financial reporting.
- Reviews the adequacy and effectiveness of the Company's internal controls and risk management framework and related compliance activities.
- Reviews the effectiveness of the internal and external audit functions.

Board Risk & Sustainability Committee

- Oversees the Company's risk management and sustainability matters.

Nomination & Remuneration Committee

- Evaluates the Board's composition and ensures Board diversity, the right mix, and balance of skills.
- Oversees the nomination and appointment of Directors and Senior Management.
- Oversees the implementation of the remuneration policy and structure for Directors and Senior Management.

Executive Directors

Group Managing Director

Responsible for the overall operations of the Group's businesses and implementing corporate strategy for the Group. Leads the management team in ensuring that the Group's businesses deliver shareholder value.

Chief Financial Officer

Responsible for overall financial and fiscal management aspect of the Group's operations, including financial planning and implementation, management of financial risks, financial reporting and sustainability matters.

Management

Responsible for implementing strategic objectives and decisions, realising competitive business performance in line with the established risk management framework, compliance policies, internal control systems, sustainability governance and reporting requirements.

Corporate Governance Overview Statement

Board Charter

The Board has a formalised Board Charter that outlines the roles, responsibilities, functions and authority of the Board, Board Committees, Chairman, Group MD, Independent Non-Executive Directors ("INEDs") and Individual Directors, ensuring they fulfil their fiduciary duties to the Group. The Board Charter also covers corporate governance principles and practices, board size and composition, processes for convening Board meetings, evaluation procedures and key matters reserved for the Board's decision and approval.

The Board Charter is reviewed regularly to ensure it remains aligned with the Board's objectives, current law and best practices. The Board Charter was last reviewed and updated in October 2024. A copy of the Board Charter is available on the Company's website at www.gadang.com.my.

Separation of the roles of Chairman and Group MD

The roles of the Chairman of the Board and Group MD are separated and the positions are held by different individuals. The division of responsibilities between the Chairman and Group MD ensures a balanced distribution of power and authority, promoting checks and balances and enhancing the overall governance structure of the Company. The Chairman of the Board plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders.

The Group MD, with the support of Senior Management, is responsible for implementing the Group's strategic plan, policies, and decisions as adopted by the Board and oversees the day-to-day operation. The Group MD has been delegated certain powers by the Board to execute transactions for and on behalf of the Group. These powers are exercised in accordance with the Group's rules and procedures and are subject to the defined and formalised authority limits.

Senior Independent Non-Executive Director

The Board recognises the importance of the Senior Independent Non-Executive Director ("SINED") to serve as a sounding board for the Chairman and as an effective conduit for other INEDs' concerns. He is also the designated contact point to whom shareholders may convey any concerns or queries about the affairs of the Company. The SINED of the Company is Mr Huang Shi Chin, who was appointed to the position on 16 August 2021.

Mr Huang Shi Chin can be contacted at francis.huang@gadang.com.my.

Company Secretary

The Board members have full access to the Company Secretary, an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators and qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. The Company Secretary is responsible for advising the Board on matters related to compliance with the Company's Constitution, applicable laws, rules, procedures, and regulations affecting the Group, as well as the principles of best corporate governance practices. In addition, she handles corporate secretarial matters and represents the Company, liaising with the Companies Commission of Malaysia, Bursa Securities, and, when necessary, its shareholders.

To facilitate Directors' planning for attendance at Board and Board Committee meetings as well as the Annual General Meeting ("AGM"), an annual meeting calendar with scheduled dates is prepared and confirmed in advance at the beginning of each year. The Company Secretary consults with each director to ensure their availability before finalising the meeting dates. The Board meets at least five (5) times a year, and ad hoc meetings are also convened to deliberate on urgent substantive matters.

Corporate Governance Overview Statement

Timely Information

Complete, adequate, and timely information is vital for Directors to make informed decisions and discharge their duties well. They must also be kept abreast of the Group's operational and financial performance, key issues, challenges, and opportunities. As a standard practice, the notice of Board and Board Committee meetings, together with meeting materials, are furnished to the Directors at least five (5) working days in advance to enable the Directors to have sufficient time to review the documents and obtain further information or clarification to expedite the decision-making process. The meeting agenda and board papers are distributed in hard copy and/or electronically to the Directors for deliberations. Reminders are sent in advance to ensure that the Directors are well-prepared for the meetings.

There were six (6) Board meetings, five (5) Audit Committee ("AC") meetings, four (4) Board Risk & Sustainability Committee ("BRSC") meetings, two (2) Nomination & Remuneration Committee ("NRC") meetings, and one (1) general meeting held during FYE 2025. The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings and Board Committee meetings during FYE 2025 as set out in the table below:

Name of Directors	Board meetings	AC meetings	BRSC meetings	NRC meetings	General meeting
Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican *(Chairman of the Board)*	6/6 (100%)	–	–	–	1/1 (100%)
Tan Sri Dato' Kok Onn	6/6 (100%)	–	–	–	1/1 (100%)
Kok Pei Ling	6/6 (100%)	–	–	–	1/1 (100%)
Huang Shi Chin	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Sherman Lam Yuen Suen	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Wong Ping Eng	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)

Code of Ethics and Conduct, Code of Ethics and Conduct for Directors, Whistleblowing Policy, Anti-Bribery & Corruption Policy, Conflict of Interest Policy and Human Rights Policy

The Board is committed to cultivating a corporate culture that prioritises ethical behavior throughout the Group's operations. To reinforce this commitment, the Board has implemented significant measures to ensure that all employees and Directors uphold the highest standards of integrity and conduct.

Separate **Codes of Ethics and Conduct ("the Codes")** have been established for employees and Directors. While there are common principles between the two (2), the Code for Directors is specifically tailored to reflect their fiduciary duties and responsibilities. This includes more detailed guidelines on matters such as corporate governance, oversight obligations, and conflict of interest.

Corporate Governance Overview Statement

The Company is committed to maintaining openness, ethics, and accountability and has established a Whistleblowing Policy & Procedures ("WPP"). The WPP provides a formal mechanism for employees, external stakeholders, and the public to report possible malpractices without fear of reprisal. The Whistleblowing Committee, comprising the Chairman of the AC, the Chief Financial Officer ("CFO"), and the Head - Group Internal Audit, oversees the WPP's implementation. There were no major concerns reported to the Whistleblowing Committee in FYE 2025 or during the period from 1 June 2025 up to the last practical date before the printing of this statement.

In addition, the Company has a standalone Anti-Bribery & Corruption ("ABC") Policy, which applies to Directors, employees and associated persons, and strictly prohibits bribery and corruption. This policy reaffirms the Company's unwavering commitment to comply fully with the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the MACC (Amendment) Act 2018 and all other relevant local anti-bribery or anti-corruption laws. The ABC Policy is complementary and should be read in conjunction with the Code of Ethics and Conduct, Code of Ethics and Conduct for Directors, Conflict of Interest Policy and WPP.

The Conflict of Interest Policy has been established to ensure that conflicts of interest are identified and managed effectively. It is intended to guide how to deal with situations involving conflict of interest (including potential conflict of interest) as and when they arise. Directors are required to declare interests that they may have in matters arising during meetings and will be excluded from deliberations, decision-making and voting on the related resolution at Board Committee, Board and general meetings of the Company. Additionally, the Directors are required to review and confirm their external interests at least annually. Actual and potential conflicts of interest are documented in a register, which is maintained by the Company Secretary.

The Company believes that everyone has the right to be treated equally with fairness, respect, and dignity in the workplace. As part of our commitment, we established a Human Rights Policy that serves as a guiding principle for the Group and its stakeholders to ensure the protection of fundamental human rights, which cover Diversity & Inclusion, Freedom of Association, No Child Labour / No Forced Labour / No Human Trafficking, Minimum Wages, Working Hours & Benefits, Health & Safety, Women's Rights, and the Prohibition of Inhumane Treatment.

All six (6) policies, the Code of Ethics and Conduct, Code of Ethics and Conduct for Directors, WPP, ABC Policy, Conflict of Interest Policy and Human Rights Policy, are available on the Company's website at www.gadang.com.my.

Sustainability

The Company is committed to sustainability, as evidenced by its well-defined priorities and targets aligned with the business plan and stakeholder value creation. Supported by a robust governance structure, the Board maintains oversight of sustainability direction and approves strategic plans, taking into account Environmental, Social and Governance ("ESG") aspects. The strategies, policies, and targets for the Group are submitted to the Board Risk & Sustainability Committee ("BRSC") for review and to monitor their implementation.

To drive this commitment, the Risk Management & Sustainability Committee ("RMSC"), chaired by the Group MD, is responsible for developing and implementing sustainability strategies and seamlessly integrating sustainability risks into day-to-day operations. Regular updates on ESG aspects of the Group are provided to the BRSC and subsequently to the Board, ensuring their awareness of ESG-related issues and achievements.

The collaborative efforts of the Sustainability Working Group, led by the CFO, extend across business divisions to ensure the effective implementation and monitoring of sustainability measures, fostering interdepartmental collaboration.

For more information on sustainability, please refer to the Sustainability Statement section in this Annual Report.

II Board Composition

The Board comprises six (6) Directors, out of which four (4) are INEDs, including the Chairman, and two (2) are Executive Directors.

Based on the above, the current Board complies with Paragraph 15.02 of the MMLR of Bursa Securities, which requires at least one-third (1/3) of the Board to be independent directors and also meets Practice 5.2 of the MCCG of having more than half (1/2) of the Board composed of independent directors. This ensures objectivity in issues deliberated and impartiality in the decision-making process.

No alternate directors have been appointed to any of the boards. The current size and composition of the Board are adequate to facilitate effective and objective decision-making, given the scope and nature of the Group's business and operations. In addition, the Board collectively provides an appropriate balance and mix of skills, expertise, knowledge, and local & international experience to guide the Group. Following are the collective skills & competence of the Board:

Skill/Competence	Description
Leadership	Overall stewardship of the Group, business leadership, and public listed company experiences
Strategy and Entrepreneurial Acumen	Business development, assessment of existing and emerging opportunities
Sustainability and Stakeholder Management	Governmental relations, community and investor relations, corporate governance and banking
Technical	Engineering, real estate and property development, construction and other related skills
Finance and Corporate	Accounting, audit, financial reporting, taxation, legal, corporate financing, risk management and human capital development & management

The presence of the INEDs will serve to bring objective and independent views, advice, and judgment to the decision-making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process. The INEDs contribute significantly in areas such as policy and strategy, performance monitoring, and allocation of resources, as well as improving governance and controls.

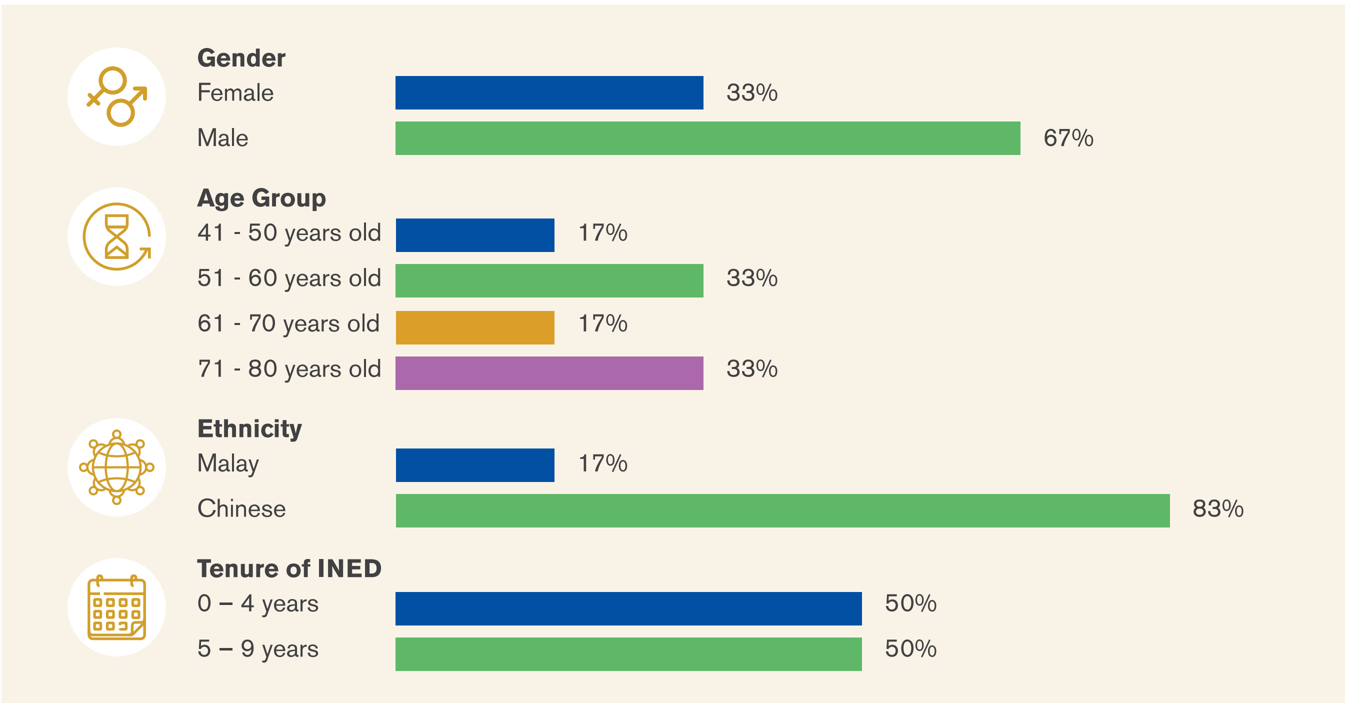
Board Diversity

The Group recognises and embraces the benefits of a diverse Board. The Company has in place a Board Diversity Policy that sets out principles to maintain diversity in board composition as well as to ensure effective decision-making and governance of the Company and its businesses.

The Board currently has two (2) female directors out of six (6) directors. Female representation as a percentage of the full Board is 33%, which is in line with the 30% recommended under Practice 5.9 of the MCCG.

Corporate Governance Overview Statement

The Board composition in terms of gender, age, ethnicity, and tenure of INEDs is as follows:



Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") comprises three (3) members, all of whom are INEDs. Ms Wong Ping Eng, an Independent Non-Executive Director, is the Chairman of NRC and the other members are Mr Huang Shi Chin and Mr Sherman Lam Yuen Suen.

The duties and responsibilities of the NRC are to assist the Board in the appointment and evaluation of the performance of the Directors (including Board Committees) and to review and recommend the appropriate remuneration policies applicable to Directors and Senior Management.

The Terms of Reference of the NRC are available for reference at www.gadang.com.my.

During FYE 2025, the activities of the NRC included the following:

(i) Board Composition
- Reviewed the current composition and board size to ensure that the Board continues to have the right balance of skills, knowledge, experience and diversity.

(ii) Board Effectiveness Evaluation
- Conducted an annual assessment of the performance of the Board as a whole, its Committees, and each Individual Director, including the review of any potential conflicts of interest.
- Conducted an annual assessment of the independence status of INEDs.
- Evaluated and determined the training needs of the Directors.

Corporate Governance Overview Statement

(iii) Appointment of Directors and Senior Management
- Reviewed and made recommendations to the Board on the re-election of Directors at the 32nd Annual General Meeting ("32nd AGM").
- Considered proposals to renew the employment contract of Senior Management or convert the employment contract to adviser engagements, allowing the Group to leverage their expertise and experience in an advisory capacity.
- Reviewed the succession plan for the critical senior leadership positions and proposed the appointment of Directors of its subsidiaries.

(iv) Remuneration for the Group
- Reviewed the benefits and terms & conditions of employment of the Executive Directors and Senior Management.
- Reviewed the annual salary increments and bonuses of the Executive Directors and Senior Management of the Group.
- Reviewed the remuneration framework for INEDs.

Board Appointment Process

The Company practices a rigorous process for the appointment of new Directors. The NRC is entrusted with the role of identifying, assessing, and nominating candidates to fill Board vacancies and for succession planning. The search for potential INED is normally conducted through recommendations from existing Directors or external parties, including the Company's business contacts in related industries, as well as utilising independent sources to fill vacant positions based on the identified search criteria under the Directors' Fit & Proper Policy, approved by the NRC.

All potential candidates are first considered by the NRC, taking into account the mix of skills, character, competencies, qualifications, experience, integrity, financial standing, declaration of interest (if any), and time commitment to effectively discharge their roles and responsibilities. Diversity in terms of age and gender is also considered during the selection criteria. The aim is to have a Board composition with the right balance to realise the Group's strategic objectives, with fresh input and thinking while maintaining cohesiveness. The NRC then shortlists candidates for interviews to review their suitability before recommending them to the Board for approval.

Management Succession Planning

During the year, the NRC also reviewed the appointment and succession planning for Management team. Together with the Group MD, the NRC reviewed the detailed succession plan for key roles across Management team to ensure leadership continuity and business sustainability. During the year, the Board approved the recommendations of the NRC for the redesignation of Mr Liew Swee Kong from the Deputy Managing Director to Managing Director of Gadang Engineering (M) Sdn Bhd and the renewal of appointments for the relevant Key Senior Management.

Re-election of Directors

In compliance with the Company's Constitution, at each AGM, one-third (1/3) of the Directors shall retire by rotation from office and may offer themselves for re-election. All Directors, including Group MD and Executive Directors, shall retire from office once every three (3) years but shall be eligible for re-election. The Directors to retire each year shall be those who have been longest in office since their last election.

The Board's support for a Director's re-election is not automatic and is subject to a satisfactory assessment of performance and contribution. In ensuring the Directors to be re-elected are fit and capable to continue their position as Directors, the NRC assesses the retiring Directors in accordance with the Directors' Fit & Proper Policy of the Company, their contribution to the Board through their skills, experience, strengths and qualities, level of independence, and ability to act in the best interests of the Group in the decision-making process, and then submits its recommendation to the Board for deliberation and approval.

Corporate Governance Overview Statement

The Board, with the recommendations of the NRC, collectively resolved to recommend to the shareholders to vote in favour of the re-election of the following Directors who would be retiring pursuant to Clause 108 of the Company's Constitution at the 32^{nd} AGM of the Company:

a) Re-election of Mr Huang Shi Chin
b) Re-election of Ms Kok Pei Ling

Review of Directors' Independence and Tenure of Independent Directors

The Board assesses the independence of Directors before their appointment and on an annual basis, focusing on their capacity to bring independent judgement to board decisions. Independent Directors are required to complete a Director's Independence Checklist based on the provisions in the MMLR of Bursa Securities and the MCCG. Thereafter, the NRC reviews the completed checklists, assesses the independence of the Directors, and presents its recommendation to the Board.

In 2025, all the INEDs declared themselves to be independent. The Board assessed their independence and determined that all INEDs continued to be independent in both character and judgement, enabling them to provide impartial, unbiased insights into the Group's affairs and deliver independent views to the Board.

In line with the exemplary practice recommended by the MCCG, the Company has adopted a policy that limits the tenure of its Independent Directors to nine (9) years without further extension to ensure continued effective functioning and progressive refreshing of the Board. None of the INEDs of the Company have served the Board for nine (9) years, nor have they had any business or other relationships that could affect their exercise of objective judgement.

Annual Board Evaluation

The Board, through its NRC, conducts an annual review of the Board and Board Committees' effectiveness as well as the performance, fitness, and propriety of Individual Directors. For FYE 2025, the evaluation, which was conducted internally, involved Individual Directors and Committee members completing separate evaluation questionnaires regarding the Board and the Committee processes, their effectiveness, and areas for potential improvement.

They also undertook a self-review and peer review, assessing their fellow Directors' performance. The Company Secretary compiled and analysed the results and presented them at the Board meeting, where the Board noted the findings and areas for improvement.

Based on the 2025 Board evaluation findings, the Board has the required mix of skill sets, experience, and other core competencies to enable the Board to discharge its duties more effectively, given the challenging economic and operating environment in which the Group operates. In addition, the Board continues to review its size and composition, emphasising its impact on the effective functioning of the Board.

The Board is satisfied and acknowledges that it has continued to perform effectively in discharging its responsibilities, with most areas rated in the range of "3" (Good/Competent) to "4" (Strong/Outstanding). The Board Committees have adequately fulfilled their functions and duties under their respective terms of reference. The Individual Directors have also met the fit and proper criteria and standards expected of them, with each making strong contributions, both generally and through the knowledge derived from their specialised areas of expertise, skills, and experience.

Continuing Development Programme for Directors

All Directors have completed Mandatory Accreditation Programme Part I ("MAP Part I") and MAP Part II to equip themselves with the necessary knowledge on sustainability matters and enhance their collective understanding in this area, as required by Bursa Securities. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves abreast of matters relating to their duties and responsibilities as Directors. The Board delegated its role to the NRC, which, in turn, assessed the training needs of the Directors.

Directors receive regular business briefings at Board meetings. These briefings provide insights into each aspect of the Group's business, covering business and financial performance, key issues, risks, and growth strategies. In addition, INEDs are also encouraged to visit the Group's operations to familiarise and understand the business environment.

The Company ensures that Directors are kept up to date on changes to regulations, guidelines, and accounting standards, as well as other relevant topics, including the outlook of various markets and updates to the MCCG and MMLR of Bursa Securities. These updates are conducted either during Board meetings or at specially convened training sessions or seminars conducted by external professionals, which are funded by the Company. In addition, relevant articles and reports are circulated to the Directors for information.

The Company Secretary also facilitates the organisation of internal and external programmes, training sessions, workshops, and seminars for Directors and maintains a complete record of the training received and attended by the Directors.

Below are the details of the seminars and training programmes attended by the Directors during FYE 2025:

Name of Director	Training Programme/Conference/Seminar
Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican	• Gadang: Provision of Financial Assistance
Tan Sri Dato' Kok Onn	• Gadang: Provision of Financial Assistance • Syarikat Suruhanjaya Malaysia ("SSM"): National Conference 2024
Kok Pei Ling	• Overview of E-Invoicing • BR Capital, The Digital Credit Market Platform for PLCs and Non-PLCs • SSM: SSM National Conference 2024 – Enhancing Corporate Transparency, Building Resilience • Navigating Sustainability Disclosures & Beyond • Preparing for the IFRS® Sustainability Disclosure Standards in Malaysia • Top Management and Board Awareness ISO 37001 : 2016 ABMS (Anti-Bribery Management System) • Malaysian Business Reporting System (MBRS) 2.0 : Annual Return • Gadang: Provision of Financial Assistance
Huang Shi Chin	• Gadang: Provision of Financial Assistance • ICDM: Mandatory Accreditation Program II: Leading for Impact
Sherman Lam Yuen Suen	• Gadang: Provision of Financial Assistance • Malaysian Institute of Accountants ("MIA"): International Accountants Conference • Speaker at SSM National Conference 2024 • Ministry of Ekonomi: Forum Ekonomi Malaysia 2025 • Morningstar: Q1 2025 Asia Investment Outlook • Morningstar: 2025 ESG Trends-Putting Sustainability To Work

Corporate Governance Overview Statement

Wong Ping Eng	• Gadang: Provision of Financial Assistance • Malaysian Institute of Accountants ("MIA"): Taxation of Capital Gains in Malaysia – the Principle and Practice • ICDM: Mandatory Accreditation Program II: Leading for Impact • KPMG Malaysia: KPMG Tax Summit 2024 • Securities Commission: AOB Conversation with Audit Committees

III Remuneration of Directors and Senior Management

The Board aims to provide attractive and well-structured remuneration that is sufficient to attract, retain, and motivate Directors and Senior Management to drive the Company's strategic objectives, ensure business sustainability, and create long-term value for shareholders.

The Board has adopted a remuneration policy that provides clear guides and principles for determining the remuneration of the Board and Senior Management to support its objectives. The remuneration policy of the Company is available for reference on the Company's website at www.gadang.com.my.

The NRC is responsible for overseeing the implementation of the remuneration policy and structure. It reviews and recommends matters related to the terms of employment and remuneration for Directors and Senior Management to the Board.

The Board collectively determines the remuneration for the INEDs based on the NRC's recommendation. Each INED abstains from deliberating and voting on their own remuneration.

In addition, the Company also reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties as Directors.

The remuneration received by the two (2) Executive Directors of the Company from the Group and Company for the financial year ended 31 May 2025 amounted to approximately RM1,295,000 and RM724,000. The breakdown of the detailed Director remuneration paid to each Director on a named basis is disclosed in the Corporate Governance Report 2025, which is accessible to the public on Gadang's website at www.gadang.com.my.

In addition to the above, all Directors have the benefit of Directors and Officers ("D&O") Liability Insurance, which covers them against their personal legal liability in their capacity as Directors of the Company. The Directors shall not be indemnified in the event of any negligence, fraud, breach of duty, or breach of trust proven against them.

PRINCIPLE B: Effective Audit and Risk Management

I Audit Committee

The Audit Committee ("AC") of the Company comprises entirely INEDs and is chaired by an INED who is not the Chairman of the Board to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. All members of the AC are members of the Malaysian Institute of Accountants. The present composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the Group's financial matters and stay up-to-date with developments in financial reporting, accounting, and auditing standards.

The membership of the AC, meeting and attendance, training, summary of work, and summary of work of the internal audit function are set out on pages 40 to 46 of the AC Report of this Annual Report.

External Auditors

Through the AC, the Company has established a formal and transparent relationship with the External Auditors, seeking professional advice and ensuring compliance with the relevant accounting standards.

It is the policy of the AC to meet with the External Auditors three (3) times a year to discuss their audit plan, audit findings, and the Company's financial statements. At least two (2) of these meetings are held without the presence of the Executive Directors and Management. The AC also meets with the External Auditors whenever it deems it necessary. In addition, the External Auditors are also invited to attend the AGM of the Company and are available to answer shareholders' questions regarding the conduct of the statutory audit and the preparation and content of their audit report.

The AC is responsible for conducting an annual performance review and nominating the Company's External Auditors for appointment or reappointment by the Board. Each year, the AC will evaluate the External Auditors in fulfilling their duty to make an informed recommendation to the Board on their re-appointment. The annual review and assessment of the quality of the audit is carried out through an assessment checklist based on four (4) key areas, covering the quality of the service provided, sufficiency of audit firm resources, quality of communication and interactions with the External Auditors, and independence, objectivity, and professional scepticism as set out in the Company's External Auditors Policy.

In addition to the AC's assessment, the CFO and finance personnel, who have substantial contact with the external audit team, are also requested to perform an annual assessment of the External Auditors. This dual-layer evaluation ensures a comprehensive review of the auditors' performance from multiple perspectives within the Company. Upon satisfying itself with the performance of the External Auditors, the AC will recommend their reappointment to the Board.

II Risk Management, Internal Control Framework and Internal Review of Sustainability Statement

The Board is entrusted with the responsibility of maintaining a robust system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. During the year under review, the BRSC, comprising three (3) INEDs, has diligently overseen the Company's risk management framework and policies. The BRSC reviews the framework's adequacy and effectiveness while closely monitoring the risk exposure.

The Group has implemented a comprehensive Risk Management Policy to safeguard its interests and ensure the resilience of its operations. This policy is reviewed annually to maintain relevance and effectiveness in a constantly changing business environment. It was last updated in April 2025. The risk management process outlined in the policy involves identifying, evaluating, managing, and reporting on how significant risks are being addressed within the business. These risks are thoroughly examined through various reviews and consolidated into risk registers, which are then monitored across the entire Group. The risk register comprises details regarding the risk area, probability of occurrence, potential impact, and mitigation actions to reduce the risks to acceptable levels. A summarised report of key risks is presented quarterly to the RMSC, including heads from each business function, and subsequently to the BRSC for review and evaluation. Thereafter, the BRSC provides a concise summary of its deliberations and decisions to the Board.

The Board has established an in-house internal audit function for the Group, which operates independently from the respective operating units. This independence is crucial to ensuring objective and unbiased evaluations of the Group's internal controls and systems. The principal role of the internal audit is to undertake an independent, risk-based and systematic review of the internal control of the financial and operating systems. The goal is to provide reasonable assurance that these systems will continue to operate satisfactorily and effectively.

The key responsibilities of the Group Internal Audit include:
- Conducting independent reviews of the internal control systems of various operating units within the Group.
- Evaluating the effectiveness and efficiency of these systems.
- Ensuring compliance with the Group's established policies, procedures, and relevant regulatory requirements.
- Reviewing the Sustainability Statement.

Corporate Governance Overview Statement

The Group Internal Audit is also responsible for providing the AC with independent and objective reports on the state of internal control within the Group. These quarterly reports include detailed audit findings, Management's response, and the recommended action plans.

The Group Internal Audit, in fulfilling its duty, adopts a risk-based approach and adheres to a methodology that is closely aligned with the International Professional Practices Framework of The Institute of Internal Auditors.

As part of the Group's commitment to transparent and accurate sustainability reporting, an internal review of the Sustainability Statement for FYE 2025 was undertaken. The internal review was conducted to ensure that the Sustainability Statement:

- Correctly reflects the Group's Environmental, Social, and Governance ("ESG") practices,
- Is consistent with the Group's strategic sustainability objectives, and
- Aligns with Bursa Securities Sustainability Reporting Guide and selected UN Sustainable Development Goals ("SDGs").

The review process involved verification of ESG data submission, cross-checking narrative disclosures and validation of Key Performance Index ("KPI")s against applicable standards.

The AC was briefed on the review outcomes, and the Sustainability Statement was reviewed by the Board Risk and Sustainability Committee prior to Board approval.

A detailed narrative of the Group's risk management and internal control framework is presented in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I Communication with Stakeholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood and that it remains accountable to shareholders.

The Board is committed to ensuring effective, transparent, and timely communication with all stakeholders. To achieve this, the Company engages in various communication practices, including:

- Announcements and Disclosures
  Regular announcements and disclosures are made to Bursa Securities throughout the year. These include the timely release of various announcements, quarterly financial results and the distribution of annual reports and circulars to provide shareholders and the investing public with an overview of the Group's performance, operations, and the latest developments of the Group.

- Engagement with Institutional Shareholders and Analysts
  The Group MD and/or Chief Financial Officer ("CFO") will engage with institutional shareholders and analysts on an ad hoc basis. These meetings aim to promote a better understanding of the Group's financial performance and operations.

- Online Communication
  The Company's website, www.gadang.com.my, serves as a communication platform to provide comprehensive information about the Company and the Group, and an avenue for stakeholders to provide feedback and ask questions.

Corporate Governance Overview Statement

II Conduct of General Meetings

The Company's AGM serves as the principal forum for dialogue and interaction with shareholders. Shareholders are encouraged to participate actively during the AGMs by raising questions and providing feedback to the Board and Management team.

The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution. The notice of the AGM is given to shareholders more than twenty-eight (28) days prior to the date of the AGM, in line with Practice 13.1 of the MCCG.

The Notice and Agenda will also be published in the local English newspaper and made available on the Company's website.

The Company conducted its 31st AGM as a fully virtual meeting through live streaming to allow easier and more efficient access to its shareholders by participating remotely from any location. All members participated in the AGM online and voted electronically using the Remote Participation and Voting ("RPV") facilities. The shareholders and proxies of the Company were also able to submit their questions electronically via the virtual event platform before and during the AGM.

During the virtual AGM, the CFO presented a comprehensive review of the Group's performance for the year and its business outlook. All the Directors, Key Senior Management and External Auditors were present virtually at the AGM to provide answers and clarifications to shareholders.

The proceedings of the AGM were recorded in the minutes of the meeting and made available on the Company's website within three (3) weeks after the meeting.

The Corporate Governance Overview Statement and the CG Report were approved by the Board on 3 September 2025.

Audit Committee Report

The Audit Committee ("AC") of Gadang Holdings Berhad ("Gadang" or "the Company") is pleased to present the AC Report for the financial year ended 31 May 2025 ("FYE 2025").

A. COMPOSITION

The current AC comprises the following:

Mr Sherman Lam Yuen Suen	-	Independent Non-Executive Director (Chairman)
Mr Huang Shi Chin	-	Independent Non-Executive Director
Ms Wong Ping Eng	-	Independent Non-Executive Director

The current composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.4 (Step Up) of the Malaysian Code on Corporate Governance ("MCCG"), where the AC consists solely of Independent Directors, who are all financially literate and able to understand all matters under their purview, including financial reporting processes. None of the AC members have appointed alternate directors.

The AC Chairman, Mr Sherman Lam Yuen Suen and the other AC members are members of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

B. TERMS OF REFERENCE

The AC's Terms of Reference ("TOR") are available for reference on the Company's website at www.gadang.com.my.

C. MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year as part of its standard schedule of meetings. The details of AC members' attendance records can be found under the Corporate Governance Overview Statement on page 29 of the Company's Annual Report 2025.

The AC meetings were always held before the Board's meetings. This was to ensure that all critical issues highlighted could be brought to the attention of the Board on a timely basis.

The AC meetings were always attended by the Chief Financial Officer ("CFO"), General Manager - Group Finance & Accounts, Senior Manager - Group Finance & Accounts, Head - Risk, Sustainability & Compliance, and Head - Group Internal Audit, who provided relevant briefings to the AC.

The Group Managing Director ("Group MD") was also invited to attend the AC meetings to facilitate direct communication and to provide clarification on audit issues and the Group's operations. Other members of Senior Management also joined the meetings for specific topics as requested. The representatives of the External Auditors attended three (3) of the AC's regular meetings and had private sessions with the AC twice in the absence of Management. The AC Chairman continuously engaged with Senior Management, External Auditors and Internal Auditors to stay updated on the Group's matters. The Chairman of the AC reports to the Board on the activities and significant matters discussed at each AC meeting. The minutes of each AC meeting were confirmed at subsequent AC meetings before being presented to the Board for notation.

D. TRAINING

For the year under review, the members of the AC have attended various trainings and the details of the trainings attended are reported under the Corporate Governance Overview Statement on page 35 of the Company's Annual Report 2025.

E. SUMMARY OF WORK

During FYE 2025, the AC undertook the following activities:

Compliance and Internal Control

- Evaluated the overall adequacy and effectiveness of the Group's internal controls system and management information system through a review of the work performed by both Internal and External Auditors.

- Reviewed the extent of compliance with established internal policies, standards, plans, procedures, laws and regulations.

Financial Statement and Reporting Review

- Reviewed the annual audited financial statements of the Group before recommending them for the Board's approval.

- Reviewed the unaudited quarterly financial results of the Group before recommending them for the Board's approval.

- The AC's review focused on significant audit and accounting matters highlighted, including Management's judgments, estimates, and assessments.

- Discussed the application of major accounting policies and practices to ensure that the Group's financial statements had been prepared in compliance with approved accounting standards.

External Audit

- On 24 July 2024 and 4 September 2024, the AC reviewed the findings of the External Auditors' reports for the financial year ended 31 May 2024, particularly the issues raised on impairment assessment of goodwill, concession assets and investments in subsidiaries, revenue recognition, progress billings and exposure to Liquidated Ascertained Damages ("LAD") for construction contracts, as well as revenue recognition for property development activities. The AC also reviewed Management's responses to these findings, including the key audit matters highlighted.

  The audit issues raised by the External Auditors were noted, deliberated, and actions taken where necessary. The AC paid particular attention to matters it considered important by their impact on the Group's results, particularly those that involved a relatively higher level of complexity, judgement, or estimation by Management.

- In the meetings, the External Auditors confirmed that they have maintained their independence throughout the audit engagement, in compliance with all relevant professional and regulatory requirements.

- Reviewed the External Auditors' Management Letter and Management's response thereon and ensure Management provides information and records in a timely manner.

- The AC took note of the External Auditors' Transparency Report as tabled.

Audit Committee Report

- Had two (2) private sessions on 24 July 2024 and 4 September 2024, with the External Auditors without the presence of Management, to discuss major issues arising from the audit. No major concerns were highlighted, and the External Auditors confirmed that they received full cooperation from Management and staff during the audit, and the timeliness of information requested.

- To assess the effectiveness of the External Auditors, the AC on 4 September 2024 undertook an annual assessment of the suitability and the independence of the External Auditors based on the following four (4) key areas:
  i) quality of service provided;
  ii) sufficiency of audit firm resources;
  iii) quality of communication and interaction; and
  iv) independence, objectivity, and professional scepticism.

  Having carried out the review described above and being satisfied that the External Auditors remained independent and effective, the AC recommended to the Board that Crowe Malaysia PLT be reappointed for the ensuing financial year 2025.

- On 30 April 2025, the AC reviewed and discussed with the External Auditors their 2025 Audit Planning Memorandum before commencement of the annual audit. The 2025 Audit Planning Memorandum covered inter alia, the names of the engagement team, audit approach, significant events, the areas of audit emphasis and audit timeline.

- The AC reviewed the audit services and non-audit services provided by the External Auditors. The amount of audit and non-audit fees approved by the Board for FYE 2025 is set out below:

	2025	
	Group RM'000	Company RM'000
Statutory audit fees	685	108
Non-audit fees	273	14
Total	**958**	**122**

  The nature of the non-audit fees incurred by the Group and the Company are services rendered for reviewing Statement of Risk Management and Internal Control and tax services. The non-audit fees constituted approximately 28% of the total fees paid for FYE 2025.

Internal Audit

- On 24 July 2024, 23 October 2024, 22 January 2025 and 30 April 2025, the AC reviewed the internal audit reports presented by the Internal Auditors which encompass the results of the internal audit assessments, recommendations with enhancements suggested by the Internal Auditors, the respective Management personnel's responses, and corrective actions taken by Management in addressing and resolving issues and ensuring that all issues were adequately addressed promptly.

- On 22 January 2025, the AC reviewed and approved the 2025 internal audit plan to ensure adequate audit scope and coverage of the key risk areas of the Group's business operations are carried out. The audit plan was discussed with the CFO for Management input before being tabled to the AC for review.

- The AC also reviewed, at every quarterly meeting, the status of recommendations for outstanding audit findings to ensure all key risks and control issues were addressed.

Related Party Transactions ("RPT")

- Reviewed and discussed reports on RPT and Recurrent RPT ("RRPT") to ensure that all transactions with the related party are undertaken on an arm's length, on normal commercial terms, consistent with the Group's usual business practices and policies, which are not more favourable than those generally available to the public and other suppliers and not detrimental to the interests of the Group and its minority shareholders.

- Monitored the RPT and RRPT thresholds to ensure compliance with the Bursa Securities' MMLR.

- Reviewed and recommended to the Board, for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into RRPT of the revenue or trading nature with related parties.

Conflict of Interest ("COI")

- Reviewed and monitored COI situations within the Group that raised concerns regarding management integrity, as well as the measures taken to resolve, eliminate or mitigate such conflicts. The COI review encompassed Directors, Key Senior Management and employees of the Group.

- Details on the actual and potential COI situations involving certain Directors of the Group together with the measures taken to address them, are disclosed below:

No	Director	Nature of COI	Measures Taken
1.	Tan Sri Dato' Kok Onn ("Tan Sri Kok") and Kok Pei Ling ("Ms Kok")	Boon Builder, a sole proprietor owned by Tan Sri Kok's brother provides subcontract works to the Group.	The Company obtains shareholders' mandate on the RRPT with Boon Builder at its AGM annually. Tan Sri Kok and persons connected to him will abstain from Board deliberation and voting at the AGM.
		Persons connected to Tan Sri Kok and Ms Kok are privately involved in property development business.	The private entities currently do not compete with the Group. If such circumstances arise, both Tan Sri Kok and Ms Kok will abstain from deliberation and decision making at Board meetings.
		Ms Kok, who is also the Chief Financial Officer is reporting to Tan Sri Kok, the Group MD.	The performance appraisal of Ms Kok is undertaken by the NRC.
2.	Sherman Lam Yuen Suen ("Mr Lam")	Also serves as an Independent Non-Executive Director on the board of Hiap Teck Venture Bhd ("Hiap Teck"), a supplier of the Group through its subsidiaries.	Mr Lam does not participate in or influence any management decisions relating Hiap Teck's business dealings with the Group. He will abstain from all Board deliberation and decision making should a conflict of interest arise.

Audit Committee Report

Annual Reporting

Reviewed the following reports and statements and thereafter, recommended the same to the Board for inclusion in the Annual Report:

- Audit Committee Report.
- Corporate Governance Overview Statement.
- Corporate Governance Report.
- Statement on Risk Management and Internal Control.

Other matters

- Conducted self assessment of the AC's performance.
- Deliberated on the implementation of e-invoicing for the Group.

F. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group Internal Audit ("GIA") carries out the internal audit function for the Group. The Board obtains adequate assurance on the effectiveness of the system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the GIA, who reports directly to the AC. The GIA is led by the Head – GIA, Mr Alan Tham Wing Hoong ("Mr Tham") who reports functionally to the AC and administratively to the CFO. Mr Tham holds a Bachelor of Commerce (Major in Accounting) and completed the Certified Information System Auditor ("CISA") certification. He brings with him over 26 years of internal audit and financial management experience, covering the insurance industry, hospitality sector and fast-moving consumer goods business. Mr. Tham's extensive experience and diverse industry background equip him with a comprehensive understanding of financial systems and controls, making him an experienced leader for the GIA team.

The internal audit function is guided by the approved Internal Audit Charter with unrestricted access to areas of the Group's operational activities, and source records considered necessary to adequately discharge the internal audit duties and functions or investigation engagement. The internal audit function is independent of the activities of other operating departments and undertakes to review in depth all work processes of the Group activities and its relationship with third parties.

The internal audit adopts the risk-based internal audit methodology, aligned with the Global Internal Audit Standards and Global Guidance of International Professional Practices Framework ("IPPF").

The internal audit also adopts the five (5) components set out in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), i.e. control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management, and governance.

During FYE 2025, the GIA undertook the following audit assignments:

(a) prepared the internal audit plan 2025 which was reviewed and approved by the AC, and updated where necessary.

(b) completed a total of nine (9) audit assignments (presented in the AC meetings held from July 2024 to April 2025) covering the following processes:

i) Business process review – PT Ikhwan Mega Power ("IMP")'s operations Standard Operating Policy & Procedure ("SOPP") compliance testing
   - Adequacy of policies and procedures, including clearly defined roles and responsibilities.
   - Completeness of Accounting, Operations, Human Resources, Anti-Bribery & Corruption ("ABC"), and Safety policies, processes, and overall management.
   - Completeness of maintenance and repair documentation.
   - Existence of Business Continuity Plan ("BCP").

ii) Business process review – Conflict of Interest, Codes of Ethics and Conduct and ABC policy compliance checking
   - Completeness of policies, processes, and management.
   - Compliance in the implementation and execution of the policies.
   - Adequacy in reporting practices and identification for process improvement.
   - Compliance with Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009 and Bursa Securities' requirements.

iii) Bursa Securities' 2023/2024 Sustainability reporting compliance review:
   - Reported economic, environmental, and social indicators were in accordance with the Sustainable Development Goals ("SDG") and the Bursa Securities sustainability reporting guide.
   - Completeness of data and supporting information for the reported sustainability matters and indicators.

iv) Business process review – Reporting Requirements and Enterprise Resource Planning ("ERP") System Implementation in the Contracts Department
   - Reviewed project budgeting, claims preparation and submission processes, subcontractor appointment and claims approval.
   - Enhanced processes to improve the completeness and accuracy of transactional documentation.
   - Mapping of existing manual processes to ERP functionalities to facilitate user training and support system implementation.

v) Business process review – IMP's operations Standard Operating Policy & Procedure compliance testing and process improvement
   - Completeness of project budget, costing, processes, and SOPP/documents.
   - Cost monitoring practices against budget, including the implementation of appropriate action plans.
   - Completeness of Accounting, Operations, Human Resources, ABC and Safety policies and their corresponding processes and management practices.

vi) Business process compliance testing and process improvement for:
   - Rapid Transit System ("RTS") project
   - Institute Perubatan Forensik Negara ("IPFN") project
   - Purchasing executions are in accordance with SOPP.
   - Purchasing processes to ensure effective monitoring and continuity of material supply in line with project plans and requisitions.
   - Adequacy and compliance of purchasing and tender processes for medical equipment procurement.

vii) Business process review – ERP system implementation in Gadang Land Sdn Bhd
   - System core modules, functionalities and feature execution.
   - Minimise manual data processing and reporting.
   - Plans to expand ERP system adoption and implementation across operations.

Audit Committee Report

viii) Bursa Securities' sustainability data compliance review (1st half of FYE 2025: June 2024 to December 2024)
- Completeness of data and information supporting reported sustainability matters and indicators in accordance with Bursa Securities' requirements.
- Sustainability data management, including storage, accessibility, and governance.
- Sustainability-related data collection processes improvement.

ix) Operational and accounting compliance audit – Regional Utilities Sdn Bhd ("RUSB"), Power Division (5.9MWa.c. Solar Photovoltaic)
- Completeness of project budget, costing, processes and related SOPP/documents.
- Cost monitoring practices against budget, including the implementation of appropriate action plans.
- Completeness of Accounting, Operations, Human Resources, ABC and safety policies and their corresponding processes and management practices.
- Completeness and appropriateness of payment-related documentations and approval processes for advances, prepayments, trade payables, and payment management.

(c) examined and aligned the Internal Control System Framework, including periodically reviewing controls, organising assessments and ensuring the effectiveness of the internal control system.

Internal audit reports were issued to Management of the operating units being audited, highlighting any system and control weaknesses. The reports also included recommendations for improvement. Management then implemented corrective and preventive actions based on agreed timelines. These reports, along with follow-up audit reports, were presented to the AC quarterly for deliberations and process improvement.

The company incurred a total cost of approximately RM452,462 for maintaining the internal audit function for the year under review. The Audit Committee Report was approved by the Board on 3 September 2025.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control ("Statement") for Gadang Holdings Berhad ("Gadang" or "the Company") and its subsidiaries ("the Group") and joint ventures, excluding its associated company.

This Statement is issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle B of the Malaysian Code on Corporate Governance, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a robust risk management framework and internal control system that safeguards shareholders' investments and the Group's assets. It also sets the tone at the top and fosters a culture of effective risk management and internal control.

Recognising the inherent limitations of any internal control and risk management system, the Board acknowledges that these systems are designed to manage rather than eliminate all risks that may hinder the Group from achieving its business objectives. Therefore, they can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms the existence of an ongoing process to identify, analyse, evaluate, treat and monitor significant risks faced by the Group. This process has been in place for the financial year and up to the date of approval of this Statement for inclusion in the Annual Report. The Board conducts quarterly reviews of this process to ensure its alignment with the guidelines outlined in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board has received assurance from the Group Managing Director ("GMD") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system operate adequately and effectively in all material aspects, based on the risk management and internal control system framework implemented by the Group.

Statement on Risk Management and Internal Control

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

1. Risk Management

The Company's Enterprise Risk Management framework is illustrated below.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

ERM Infrastructure

- Vision/Mission/Goals
- Governance Structure
- Board/Management Mandate
- ERM Policy & Procedures (ISO 31000 : 2018)
- Anti-Bribery & Corruption Policy
- Whistleblowing Policy & Procedures
- Sustainability Reporting Framework

ERM Process

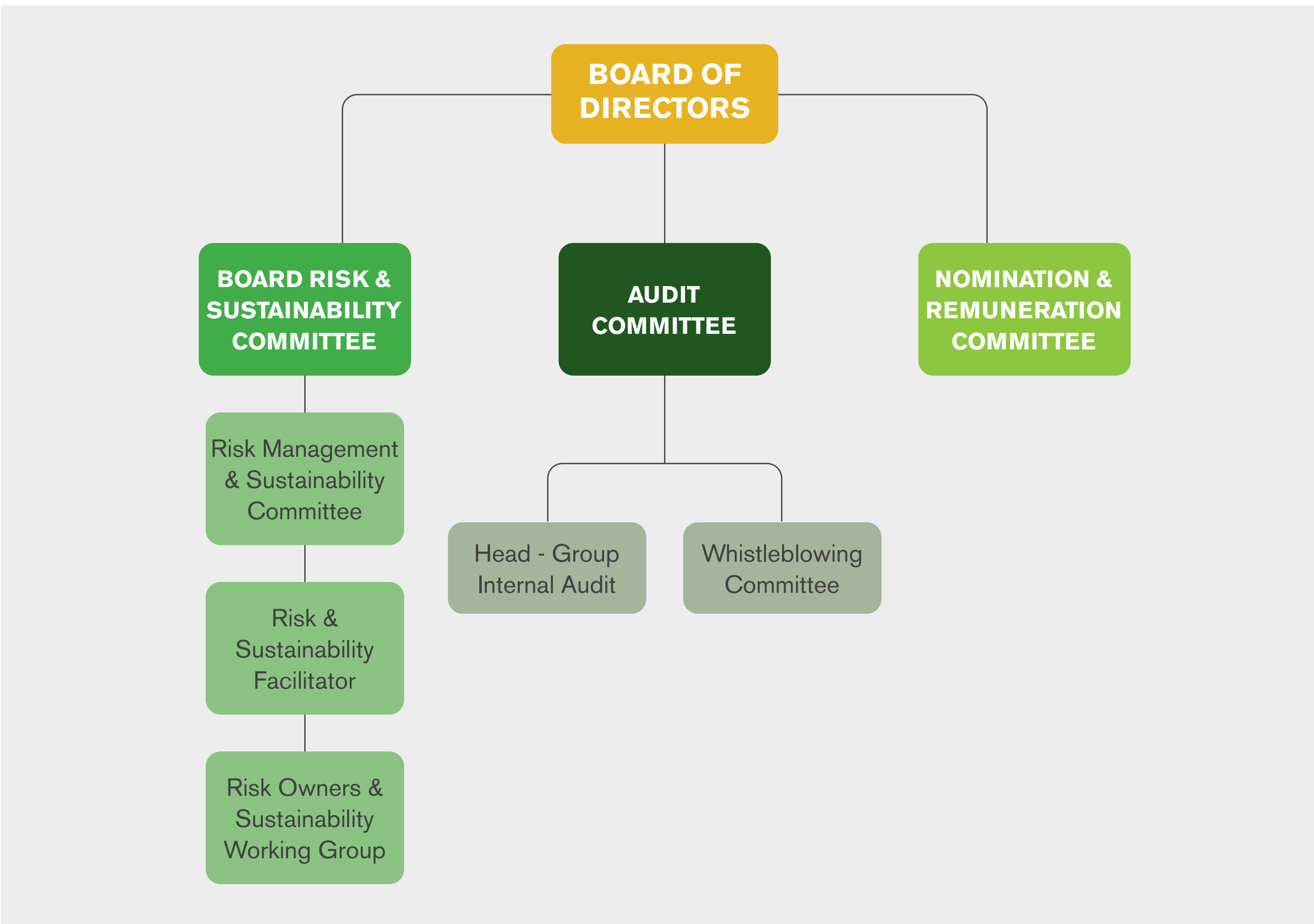
ERM Integration

- Code of Ethics & Conduct
- Business Planning
- Standard Operating Policies & Procedures
- Investment/Divestment/ Joint Venture
- Decision Making
- Sustainability Targets
- Performance Management
- Internal Audit
- ISO 9001 : 2015 Quality Management System
- ISO 45001 : 2018 Occupational Health & Safety Management System
- ISO 39001 : 2012 Road Traffic Safety Management System
- ISO 14001 : 2015 Environmental Management System

The Enterprise Risk Management ("ERM") framework is benchmarked against the ISO 31000 : 2018 Risk Management - Guidelines. The ERM framework is specifically designed to integrate ERM into key activities, initiatives and processes of the Group. The Board conducts an annual review of the ERM framework to ensure its effectiveness.

To ensure compliance with paragraph 15.29 of the MMLR of Bursa Securities, the Board ensures that the Group's Anti-Bribery & Corruption Policy and Whistleblowing Policy & Procedures are reviewed annually to assess their effectiveness and changes are made as and when necessary. In addition, the Conflict of Interest Policy has been aligned with Bursa Securities' Guidance on Conflict of Interest. These policies form an integral part of the Group's Code of Ethics & Conduct and are accessible on the Group's website. At the end of the financial year, an annual corruption risk assessment is conducted to identify potential corruption risks across the Group's operations. This assessment facilitates the implementation of preventive controls and ensures their continued relevance. The results of the corruption risk assessment, along with the conflict-of-interest assessment are presented to the Board for deliberation. No significant issues or concerns were reported.

The Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group. It is supported by sub-committees, as depicted below and these sub-committees are empowered by their respective terms of reference to provide independent oversight of internal control and risk management.



At the management level, the Risk Management & Sustainability Committee ("RMSC") is responsible for implementing the Group's risk and internal control policies and procedures. Its main objectives include identifying, analysing, evaluating, treating, monitoring and reporting risks, as well as taking appropriate remedial actions when needed. The RMSC meets quarterly to review significant risks faced by the Group and reports to the Board Risk & Sustainability Committee ("BRSC"), which consists of independent directors. The BRSC also meets quarterly to review significant risks and provides a summary of their discussions and decisions to the Board. The Board evaluates the adequacy and effectiveness of the risk management system.

a. **Operating risk**

The Group actively manages both strategic and day-to-day operational risks. Day-to-day risks encompass the supply chain, sales, project completion, health and safety, human capital and regulatory compliance. Each business unit effectively manages these risks by adhering to standard operating policies and procedures. For operational risks that affect the entire organisation, such as treasury management, transfer pricing and group sustainability, a centralised coordination approach is adopted. These risks are managed across the organisation in a coordinated manner to ensure consistency and effectiveness.

Some of the key risks presented to the Board were as follows:

(i) Project completion

The progress of the Group's projects remains susceptible to various industry-wide challenges, including a scarcity of skilled foreign labour, delays in raw material or equipment supply, inclement weather conditions and frequent design changes. These factors pose a significant risk of project implementation delays, which could potentially impact the Group's reputation and financial stability.

To mitigate these risks, the Group closely monitors site progress. All project sites maintain detailed records of site conditions and work progress to ensure accurate tracking and substantiation of delay events, if any. In cases where delays arise from uncontrollable or unforeseen circumstances, such as delayed site possession or design changes, the Group has established a process for requesting Extension of Time (“EOT”). In addition, contracts with subcontractors include penalty clauses and clear provisions requiring timely rectification of delays, thereby minimising the Group’s exposure to third party disruptions.

(ii) Cost escalation

The Group continues to face the risk of cost escalation, which directly impact profit margins. This escalation is driven by several factors, including supply chain disruptions that have resulted in increased prices for key construction materials such as diesel, concrete, cement and crusher run. In addition, inflationary pressures have led to broader cost increases, while labour costs have risen due to adjustments in minimum wages and higher overtime pay.

To mitigate the impact of rising costs, the Group has taken several proactive measures. These include pursuing Variation of Price (“VOP”) and loss and expense claims from clients in accordance with contractual provisions. The Group also engages in active negotiations with contractors and suppliers to secure more competitive pricing and favourable terms. Price fluctuations in materials and labour are closely monitored by the project team to allow timely responses. To further manage cost pressures, the Group has expanded its supplier base to reduce supply risk and has disposed inefficient assets with high maintenance costs to improve operational efficiency.

(iii) Long gestation period for overseas investment

Investments in water treatment and power plants under the Utilities Division typically involve extended gestation periods before achieving optimal returns on investment (“ROI”).

To manage this risk, the Division actively pursues tariff adjustments in line with contractual terms and/or applicable government regulations. In addition, the Division emphasises cost optimisation, delivers high-quality services to clients and enhances operational efficiency to ensure compliance with contractual capacity requirements.

Statement on Risk Management and Internal Control

(iv) Regulatory compliance

The Group's businesses are governed by relevant laws, regulations, standards, licenses and concession agreements. Unfavourable changes in regulatory policies can adversely affect operations and profitability. To manage these risks, the Group: -

- Keeps abreast of emerging laws and regulations by actively participating in seminars, conferences and training programmes organised by regulatory authorities or external training providers.
- Implements suitable policies and procedures to mitigate the risk of non-compliance.
- Engages with regulatory authorities to remain informed about the latest legislative developments and regulatory requirements affecting the Group's operations.

b. Cyber & Information Technology ("IT") Security risk

The Group's businesses have become increasingly reliant on IT systems to manage our operations. However, this reliance also exposes us to the risk of cyberattacks and IT security breaches. The loss or corruption of data can result in significant disruptions, financial and reputational losses, as well as legal and regulatory liabilities associated with data privacy and protection. To mitigate these risks, the Group has implemented various measures to enhance its infrastructure and security. These measures include the use of the AI Threat Intel Advanced System (ATAS), firewalls and antivirus software to prevent unauthorised access and malware attacks. The Group's IT Department also provides security awareness training to employees through email communications and monitors networks and systems for any unusual activity. In addition, the Group's IT Department enforces a policy against illegal software downloads and conducts random audits to ensure compliance with IT security policies.

c. Economic/Market risk

The Construction Division continues to face a challenging operating environment. Replenishing the order book has become increasingly difficult due to external pressures, particularly intense industry competition and reduced government spending on infrastructure projects. With more players targeting a limited pool of tenders, securing new projects has become highly competitive and margin-sensitive. Geopolitical tensions and global uncertainties have further dampened market confidence and slowed project rollouts, resulting in a reduced construction outstanding order book of RM839.0 million. In addition, rising material and labour costs, persistent inflation and ongoing supply chain constraints have led to higher project costs in both the short and long term, putting further pressure on margins and hindering the sector's recovery efforts.

To navigate these challenges, the Division is actively bidding for niche and private sector projects, including opportunities with other government agencies, as well as exploring renewable energy such as solar and industrial buildings.

Furthermore, the Division is strengthening its existing order book by nurturing relationships with current clients, ensuring timely project completion, maintaining high-quality standards and enhancing operational efficiency. The Construction Division's Executive Committee ("EXCO") continues to evaluate the company's cost structure regularly to optimise efficiency and improve competitiveness. By leveraging its strong reputation, trusted track record and commitment to quality, the division is well positioned to navigate ongoing uncertainties and remain a resilient player in the evolving construction industry landscape.

Meanwhile, the property market sentiment in Malaysia remains subdued, impacted by weakened economic conditions and declining purchasing power. The persistent overhang of unsold high-rise residential and serviced apartment units in the Klang Valley and Johor continues to dampen market sentiment, despite showing signs of improvement. In addition, limited growth in rental yields and capital appreciation, coupled with elevated interest rates, may deter investment and slow down the sector's recovery.

Statement on Risk Management and Internal Control

To counter these challenges, the Property Division has refined its strategies by offering attractive sales packages and accelerating project launches to minimise holding and financing costs. Regular pricing reviews are conducted to ensure alignment with current market demand and buyer affordability. The Division is also offering flexible financing options such as installment plans to bridge the gap between the purchase price and the purchaser's loan amount, thereby supporting homebuyer affordability and improving take-up rates.

With unbilled sales of RM297.2 million, the Division anticipates modest revenue and earnings contributions over the next two (2) years. By focusing on resilient demand segments and diversifying its product offerings, the Division aims to stay responsive to emerging trends and sustain its competitiveness in a subdued market environment.

d. Sustainability

Sustainability risk refers to environmental, social or governance ("ESG") events or issues that may negatively impact the Group's operations, reputation or cost of doing business. The Group has established a sustainability governance structure, as outlined in the Sustainability Statement, together with details on key Economic, Environmental and Social sustainability risks and opportunities, which can be found on pages 56 to 100.

e. Liquidity

The Group has financial obligations that involve large or periodic payments, including project financing repayments, landbank acquisition installments, ongoing construction project funding and investments in renewable energy projects. Inadequate cash flow leading to delays in meeting these obligations could result in liquidity constraints, particularly in the event of project delays or low take-up rates for property launches. To mitigate this, the Group strengthens its treasury function by closely monitoring cash flow requirements and ensuring adequate financial facilities are in place to support both current operations and future growth. The Group also maintains proactive engagement with key bankers to explore funding opportunities and regularly monitors financial covenants and gearing levels to ensure compliance within acceptable thresholds.

2. Internal Control

The key elements of the Group's internal control system include:

a. Organisation structure and limits of authority

The Group maintains a clearly defined organisation structure outlining the staff reporting hierarchy and has in place Authority Limit Charts. They ensure clear lines of authority and accountability throughout various levels of Management, facilitating the segregation of duties and ensuring accountability. Terms of Reference are in place for Board and Management Committees.

b. Management meetings

The Group Management Committee ("GMC") convenes bi-monthly meetings to address and resolve key operational, corporate, financial, legal and regulatory matters. The minutes of GMC meetings are included in the papers for quarterly Board meetings. This ensures that the Board is kept informed about operational progress, issues and the corresponding mitigation plans.

c. Planning, monitoring and reporting

i. The Group has implemented an annual business plan policy, requiring all business divisions to develop their respective plans for the upcoming year. These plans are presented to the Board by the Heads of Divisions before the start of the new financial year. The Board engages in an interactive discussion on risks, challenges and assumptions before approving the plans for execution. A comparison of the quarterly actual performance against the forecasted budget from the business plan, including explanations for the variances, is presented to the Board for review.

Statement on Risk Management and Internal Control

ii. The Key Performance Indicators ("KPIs") are established by the Operating Divisions based on the approved business plans. These KPIs are then cascaded down to subordinates to ensure alignment with the strategic objectives of the Group. The Group Human Capital Department tracks the progress of KPI achievement by the Heads of Divisions on a half-yearly basis and reports them to the RMSC followed by BRSC.

d. Policies and procedures

The Group has established and documented internal control policies and procedures to enhance financial management and operational controls. These policies and procedures serve as a comprehensive guide for employees in their daily work activities. Clear accountability and responsibility for key processes are defined within these policies and procedures. The Group's policies and procedures are regularly reviewed, at least once a year, to ensure their effectiveness and relevance. Any necessary updates are promptly made and employees are informed of any changes to maintain awareness and compliance.

e. Financial reporting

The Group has implemented robust processes and controls to ensure accurate and timely financial reporting. These processes encompass the proper recording of financial information and the generation of up-to-date financial statements and key performance results. On a quarterly basis, the Group Finance and Accounts personnel present the actual financial performance of each Operating Division against the budget to the Audit Committee ("AC"), providing explanations for any variances. The AC reviews and deliberates on the financial performance, which is subsequently approved by the Board. The CFO also oversees the preparation of a monthly rolling cash flow forecast of the Group for ongoing review and monitoring.

f. Whistleblowing

The Company has implemented a Whistleblowing Policy and Procedures, which is accessible on its website. The policy provides a framework for individuals to report any instances of suspected or known misconduct, wrongdoing or inappropriate behaviour related to corrupt practices, fraud or abuse involving the Company's resources. It ensures that appropriate channels are in place for individuals to confidentially and securely report such incidents.

3. Audits

a. Internal audit

The in-house Group Internal Auditors assist the AC in discharging its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of:

- Internal control systems and process improvements;
- Compliance with the Group's established policies & procedures; and
- Sustainability Statement assurance.

The AC approved the 2025 audit plan based on the risk based internal audit ("RBIA") approach in January 2025. RBIA is an internal audit methodology supported by an audit heat map, focus on identifying and prioritising inherent and residual risks involved in operations or systems. Its objective is to provide reasonable assurance that risk management and internal controls are functioning within an adequate and effective control environment.

Statement on Risk Management and Internal Control

The internal audit planning adopts COSO's Internal Control Integrated Framework to identify, design and recommend effective controls requirements relevant to the business and operating environments. The internal audit engagement is performed by adopting the Institute of Internal Auditors International Professional Practices Framework ("IPPF") 2024. The IPPF is a framework that organises authoritative guidance on internal auditing issued by The Institute of Internal Auditors ("IIA").

The Internal Auditors have established an Internal Control Framework to guide internal audit testing of operational units, aimed at assessing the effectiveness of internal controls vis-à-vis established policies, procedures and best practices and identifying opportunities for business process improvement. On a quarterly basis, the Head - Group Internal Audit attends AC meetings to present Internal Audit Reports, which include the overall audit conclusion, significant weaknesses identified, recommended action plans, management responses, responsible personnel and deadlines. Follow-up reviews are carried out to assess the implementation status of management action plans. The results of these reviews are also highlighted to AC during the quarterly meetings.

The AC deliberates on internal audit issues and management responses, with the quarterly AC minutes extended to the Board for notation. For more details on internal audit assignments carried out during the year, please refer to pages 42 to 46.

b. **External audit**

The AC has reviewed and approved the annual audit planning memorandum prepared by the External Auditors for the Group's financial statements. Throughout the audit, the External Auditors report directly to the AC on any significant internal control deficiencies identified. These are communicated through their report on internal control deficiencies. The report also includes Management's response to the observations.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board affirms that the Group's risk management and internal control system has operated adequately and effectively throughout the year under review and up to the date of approval of this Statement. The internal controls in place are sound and sufficient to safeguard the interests of shareholders, customers, regulators, employees and other stakeholders, as well as to protect the Group's assets.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 3 September 2025.

Additional Compliance Information

• Utilisation of Proceeds Raised from Corporate Proposals

During the FYE 2025, the Company undertook a private placement exercise involving the issuance of 72,806,100 new ordinary shares, representing approximately 10% of the total issued shares of the Company, at an issue price of RM0.31 per share. The placement raised total gross proceeds of approximately RM22,570,000.

The status of utilisation of the proceeds as at 31 May 2025 is as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation (from Listing Date)
Construction projects expenditure	22,248	(7,100)	15,148	Within 24 months
Expenses for the placement	322	(322)	-	Completed
Total	22,570	(7,422)	15,148	

Except as otherwise disclosed, no proceeds were raised from corporate proposals during the FYE 2025.

• Material Contracts

There were no material contracts other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during FYE 2025.

• Recurrent Related Party Transactions of a Revenue or Trading Nature

At the last Annual General Meeting held on 6 November 2024, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Transactions") with related parties.

In accordance with Paragraph 10.09(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the Recurrent Transactions conducted during the FYE 2025 pursuant to the said shareholders' mandate are as follows:

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM
Boon Builder	Boon Builder is a sole proprietorship owned by Mr Kok Khim Boon, the brother of Tan Sri Dato' Kok Onn who is the Group Managing Director and a major shareholder of Gadang.	Provision of sub-contract works	Gadang Group	7,273,310

Sustainability Statement

GROWING FUTURE IN SUSTAINABILITY

Gadang Holdings Berhad ("Gadang"), hereinafter referred to as the "Company" or the "Group", is pleased to present its Sustainability Statement for the financial year ended 31 May 2025. This report highlights our sustainability initiatives aimed at creating long-term value while minimising environmental impact, promoting social well-being and upholding good governance practices.

We recognise the importance of good Environmental, Economic and Social ("EES") practices in driving sustainable growth. Moving forward, we aim to focus more on managing climate risks and opportunities in line with the National Sustainability Reporting Framework ("NSRF") regulations. Our commitments reflect our dedication to protect the environment, supporting communities and delivering long-term value across our operations. This report outlines our key achievements, material matters and contributions to the United Nations Sustainable Development Goals ("UNSDGs").

We believe that sustainable practices are essential to long-term success, contributing not only to financial performance but also to the well-being of communities and the preservation of our planet. We strive to create lasting value that goes beyond short-term achievements.

Sustainability Statement

GADANG SUSTAINABILITY FRAMEWORK

Our **Vision**

To be the preferred leader in all our core businesses, recognised for our high standards and commitment to excellence

Our **Mission**

To perpetually pursue value for all our stakeholders

To build an effective management team that emphasises on productivity and innovation

To drive a holistic approach to business management, incorporating Economic, Environment, Social and Governance considerations alongside financial goals, to support business continuity and competitiveness over the long term

Gadang's Sustainability Pillars

Economic

Business Front

Deliver quality products & services and maintain good corporate governance

Environmental

Environment

Manage the environmental impact in the areas that we operate

Social

Workplace

Develop talent & recognise employees' contributions and provide a safe and conducive workplace

Community

Giving back to the communities

In alignment with **UNSDG**

REPORTING PERIOD

This Statement covers the Group's sustainability management and performance data from 1 June 2024 to 31 May 2025 and the comparative data where applicable.

REPORT AVAILABILITY

www.gadang.com.my

REPORTING CYCLE

Annually

REPORTING GUIDES

- Bursa Malaysia's Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide – 3rd Edition
- United Nations Sustainable Development Goals

FEEDBACK

Risk Management and Sustainability Department
Wisma Gadang
No. 52, Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel. : + 603 6279 6382
Fax. : + 603 6279 6376
Email : sustainability@gadang.com.my

Sustainability Statement

REPORTING SCOPE

The reporting scope includes Gadang and our active subsidiaries in Malaysia and Indonesia. Below is the list of covered entities and projects / products.

Gadang Holdings Berhad

Engineering & Construction

Gadang Engineering (M) Sdn Bhd ("GESB")

Datapuri Sdn Bhd ("DSB")

Key Projects

- Rapid Transit System Link ("RTS Link")
- Klang Valley Data Centre ("KVDC")
- Institut Perubatan Forensik Negara ("IPFN")
- Central Spine Road Section 2B ("CSR2B")
- Public Realm Works at Tun Razak Exchange ("TRX Package C6")

Property Development

Mandy Corporation Sdn Bhd ("MCSB")

Gadang Land Sdn Bhd ("GLSB")

- Natural Domain Sdn Bhd
- Splendid Pavilion Sdn Bhd
- Crimson Villa Sdn Bhd
- Hillstrand Development Sdn Bhd

Key Projects

- The Vyne (Phase 4), Sungai Besi
- Laman Citra (Phase 2 & 4), Gelang Patah
- Akasia (Phase 1B & 2A), Semenyih
- Cassia Residence (Phase 3C), Cyberjaya

Utilities

Regional Utilities Sdn Bhd ("RUSB")

Nusantara Suriamas Sdn Bhd

Asian Utilities Pte Ltd ("AUPL")

- PT Taman Tirta Sidoarjo ("TTS")
- PT Hanarida Tirta Birawa ("HTB")
- PT Dewata Bangun Tirta ("DBT")
- PT Ikhwan Mega Power ("IMP")

Key Products

Water Concession

- Water Treatment Plants (Jawa Timur, Indonesia)

Power Concession

- Mini-hydro Power Plant (West Sumatera, Indonesia)

STATEMENT OF ASSURANCE

An internal review was undertaken by the internal audit function. The subject matter covered the whole report across all companies within the Group's operational control.

SUSTAINABILITY GOVERNANCE

The Board of Directors leads the sustainability governance by setting the Group's strategic direction and overseeing key sustainability matters. To support this, the Board has established the Board Risk and Sustainability Committee ("BRSC"), with implementation oversight delegated to the Risk Management and Sustainability Committee ("RMSC") at the management level. ESG-related Key Performance Indicators ("KPIs") are also embedded in the performance appraisals of executive directors and senior management to enhance accountability.

The governance structure defines clear roles and responsibilities across all levels of the Group. In line with the National Sustainability Reporting Framework ("NSRF"), the Group is enhancing its capacity and capabilities to focus on climate-related disclosures and long-term sustainability performance.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors ("Board")

- Sets the strategic direction and oversees the sustainability framework for the Group whilst maximising stakeholders' value through the management of financial (business growth, profitability, etc) and non-financial indicators, including economic, environmental and social ("sustainability") related matters arising from its business activities
- Reviews and approves the outcome of biennial materiality assessment
- Reviews the Board and senior management performance evaluation against sustainability KPIs
- Approves the Sustainability Statement for inclusion in the Annual Report

Board Risk & Sustainability Committee ("BRSC")

- Supports the Board by monitoring the implementation of the strategic plans by Management

Risk Management & Sustainability Committee ("RMSC")

- Chaired by the Group Managing Director
- Supported by the respective Heads of Business Divisions to achieve the Group's sustainability objectives
- Accountable for the development and implementation of sustainability strategies
- Provides status updates on sustainability performance
- Reviews the sustainability statement prior to approval by the Board

Risk & Sustainability Facilitator ("RSF")

- Supports the RO & SWG
- Facilitates ESG data collection and reporting while driving progress towards the Group's ESG goals
- Monitors regulatory updates and reports key changes to the RMSC and BRSC

Risk Owners ("RO") & Sustainability Working Group ("SWG")

- SWG chaired by the Chief Financial Officer ("CFO") and represented by risk owners i.e. Heads of Departments ("HODs") and representatives from various departments across all business divisions
- Sets the scope of sustainability management measures and drive the day-to-day implementation and monitoring of sustainability management, across all business divisions whilst promoting interdepartmental collaboration
- Identifies, assesses and reports on sustainability risks and opportunities relevant to the Group's operations including climate change and provides regular updates on sustainability performance
- Manages the reporting on sustainability-related KPIs

STAKEHOLDER ENGAGEMENT

We engage our stakeholders continuously through various communication channels. These engagements provide valuable insights into their focus areas, allowing us to align them with the Company's strategies and business operations.

Stakeholder Group	Form of Engagement	Areas of Focus	Outcome
Board of Directors	• Board Meetings • Board Sub-committees Meetings • Annual General Meeting • Corporate/Company Events • Stakeholder Engagement Surveys	• Business Strategy • Sustainable Profitability and Growth • Financial Performance • Compliance with ESG Practices • Human Capital Management • Workplace Health and Safety	Strategic plans that maximise shareholders' value and drive long term sustainability performance

Gadang Holdings Berhad

Sustainability Statement

Stakeholder Group	Form of Engagement	Areas of Focus	Outcome
Investors/ Shareholders	• Annual General Meeting • Investor Relation Activities • Public Announcements • Corporate Website • Annual Report	• Sustainable Profitability and Growth • Product Innovation to Meet Changing Demand • Image and Reputation • Compliance with ESG Practices • Timely & Transparent Disclosure • Business Ethics & Compliance	Positive reputation amongst investors/ shareholders
Employees	• Internal Communications • Face-to-face meetings • Learning & Development Programme • Sports Club Activities • Community Programmes • Employee Handbook • Code of Ethics & Conduct • Performance Review • Stakeholder Engagement Surveys	• Training, Guidance and Support • Fair Treatment of Employees • Workplace Health and Safety • Employee Well-Being • Competitive Remuneration (Benefits) • Career Development • Job Satisfaction • Anti-Bribery and Corruption • Human Rights	Enhanced employee engagement and satisfaction
Clients/ Customers	• Client/Customer Satisfaction Surveys • Sales & Marketing Channels • Events, Exhibitions • Social Media • Corporate Website • Stakeholder Engagement Surveys • Mobile and Email Communications	• Quality Product and Services • Timely and Responsive Communication • Design to Meet Customers Needs • Fair Product Pricing • Personal Data Protection • Workplace Health and Safety	Enhanced satisfaction Recurring business opportunities
Government/ Regulatory Authorities	• Ad Hoc Public Invitations • Site Visits • Seminar and Training Sessions • Conferences/industry events • Participation in Organised Programmes • Stakeholder Engagement Surveys	• Compliance with laws and regulations • Business Ethics & Compliance • Supporting Government Policies and Objectives • Information Security	Better understanding of Company's sustainability commitment Compliance with laws and regulations
Contractors, Vendors, Suppliers	• Virtual/Face-to-face Meetings • Supplier/Subcontractor Evaluations • Stakeholder Engagement Surveys	• Clear Contract Terms and Fulfilment • Good Governance Practices • Ethical Business Conduct • Fair Price • Client Satisfaction • Timely and Responsive Communication • Workplace Health and Safety • Human Rights • Sustainable Procurement	Better understanding of Company's sustainability commitment

Stakeholder Group	Form of Engagement	Areas of Interest	Outcome
Business Partners	• On-going Communication & Visits	• Collaboration & Market Synergy • Ethical Business Conduct • Sustainability Policy • Human Rights Policy	Recurring business opportunities
Media/ Analyst	• Press Conferences • Media Releases/Interviews • Ad Hoc Meetings	• Timely & Transparent Disclosure • Environmental Practices	Better understanding of Company's financial & sustainability performance
Local Communities/ NGOs	• Meetings & Visits • Community Development Programmes	• Accessible & Affordable Housing • Environmental Practices • Community Development • Contributions to Society	Better social relationship

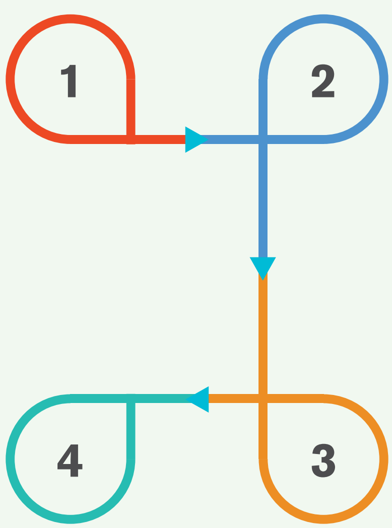
MATERIALITY ASSESSMENT

In FYE 2025, we conducted a materiality assessment to update the FYE 2023 findings and ensure our sustainability strategies remain aligned with evolving stakeholder expectations. The assessment aimed to validate existing material matters, identify new ones and reprioritise stakeholder concerns based on relevance. It was carried out through engagement with internal stakeholders, including our Sustainability Working Group ("SWG") as well as external stakeholders.

MATERIALITY ASSESSMENT PROCESS

REVIEW

We reviewed the relevancy of ESG topics by considering internal inputs and external references such as regulatory frameworks, industry practices and global trends. Key stakeholders are identified to ensure a balanced internal and external perspective in shaping material topics.



PRIORITISE

We prioritised material matters through structured stakeholder engagement, surveys and workshops with internal and external stakeholders and assess the material matters based on stakeholders' concerns, potential impact on the Group's business performance and alignment with our long-term strategic objectives.

INTEGRATE

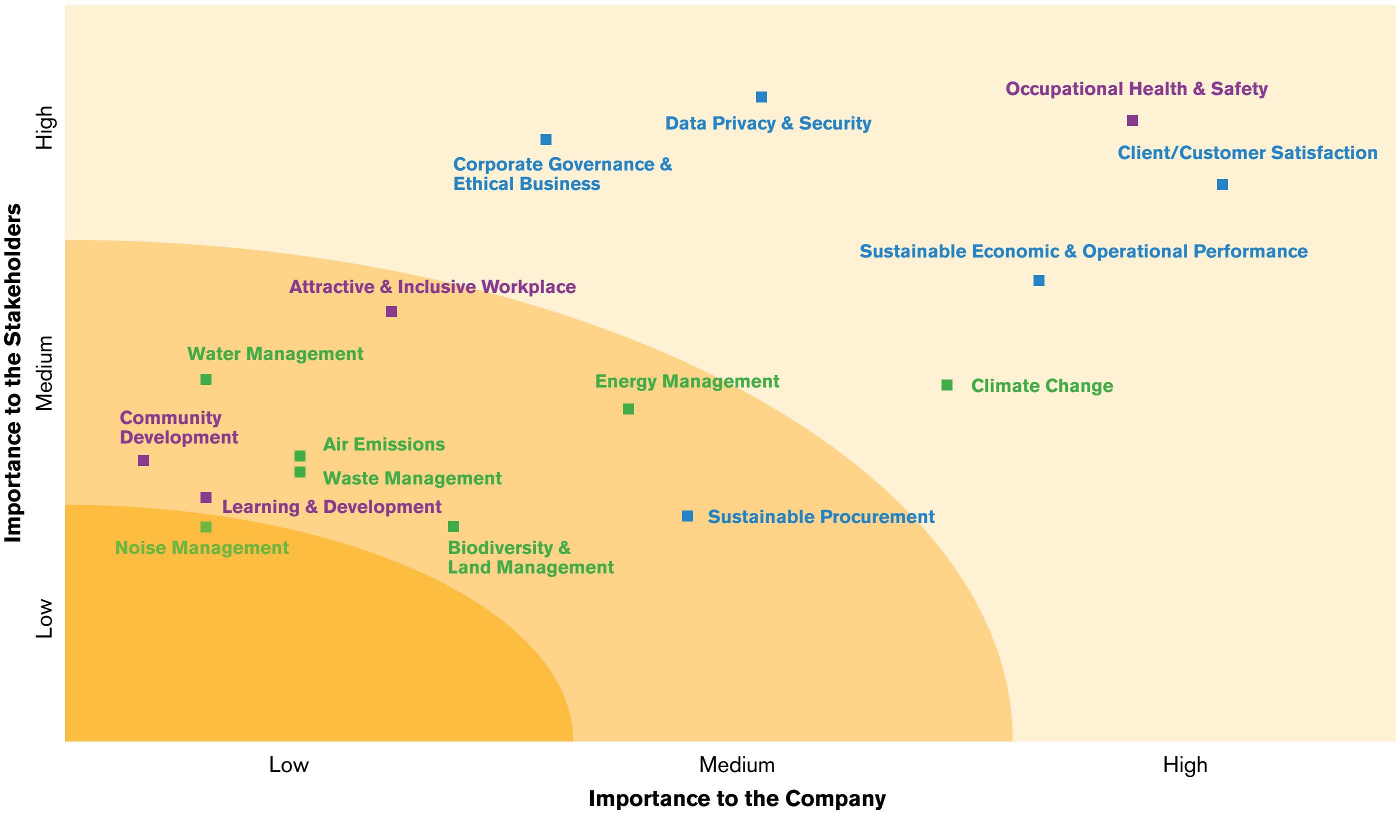
We examined the results of prioritisation and validated material matters with the Risk Management & Sustainability Committee and the Board. The outcome of the materiality assessment is presented in a matrix and approved by the Board.

UPDATE

We updated our materiality parameters periodically in light of changes against the business landscape, emerging global & national trends, regulatory development, as well as stakeholders' opinions.

Sustainability Statement

MATERIALITY MATRIX



Economic	Environmental	Social
Sustainable Economic & Operational Performance*	Climate Change*	Occupational Health & Safety*
Client/Customer Satisfaction*	Waste Management	Attractive & Inclusive Workplace
Data Privacy & Security*	Biodiversity & Land Management	Learning & Development
Corporate Governance & Ethical Business	Air Emission	Community Development
Sustainable Procurement	Water Management	
	Energy Management	
	Noise Management	

**high priority matters*

In our FYE 2025 materiality assessment, we identified five (5) high priority matters that required more focus and attention. These matters have been evaluated and we have set sustainability targets and performance metrics to track the progress. Further details on each priority matter are provided within the respective Economic, Environmental and Social sections of this Sustainability Statement.

AWARDS & RECOGNITION

In FYE 2025, we obtained the following awards and recognitions, which served as a testament to our commitment to ESG best practices and industry standards:

NACGSA

("National Corporate Governance and Sustainability Awards") by MSWG. Recognised among the Top 50 Public Listed Companies in Malaysia for excellence in governance and sustainability.

QUEST

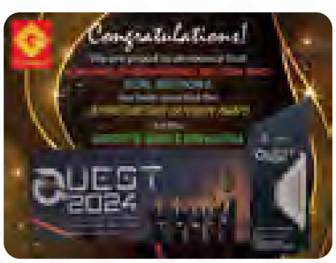
QUEST Awards (by CIDB) – ECRL project received the Infrastructure Category Award, recognising excellence in construction quality.

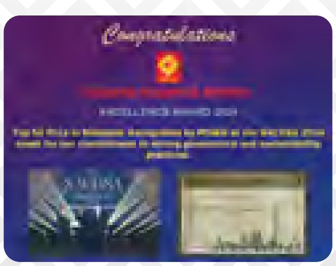
SHASSIC

Achieved a 5-Star Rating (Highest Award) for outstanding site safety and health performance for the RTS and IPFN projects.

MiSHA

Recognised for our commitment to OSH principles, with a Platinum Award for the RTS project and Gold Awards for the CSR2B, IPFN and KVDC projects.





2024

- **MiSHA Excellence Award (Gold)** – OSH Risk Management in Construction & Heavy Engineering Sector (CSR2B Project)
- **MSOSH Recognition** – Very Good OSH Performance (RTS-LINK Project)

2023

- **MSOSH Gold Class 1** – ECRL Section 6
- **MOSHPA Gold Award** – ECRL Section 6
- **SHASSIC 5-Star Rating** – RTS LINK
- **QA/QC Certificate of Appreciation** – MRT V206
- **Safety Certificate of Appreciation** – RTS LINK

2022

- **MiSHA Golden Safety Award** – Cyberjaya
- **Best Emergency Response Team** – TRX C3

2022 (Cont'd.)

- **Best Labour Quarter Management** – MRT V206
- **Best Environmental Management** – TRX C6 & MRT V206
- **Best Safety & Health Committee** – ECRL, TRX C3 & TRX C6
- **SHASSIC 5-Star Rating** – ECRL
- **SHASSIC 5-Star Rating** – TRX C6

2021

- **MSOSH Silver Award** – TRX C6

2020

- **Employee of Choice (Silver Award)** – Human Resources
- **Best CEO Award** – Corporate Governance, Billion Awards by Focus Malaysia

Sustainability Statement

FYE 2025 SUSTAINABILITY TARGETS & PERFORMANCE

ECONOMIC

Category	Sustainability Targets FYE 2025	Achievement
Quality	Quality Assessment System in Construction ("QLASSIC") Average > 75% score	78.5%
	To obtain CIDB SCORE rating - 5 Star	3 Star
Corporate Governance	To have 30% women directors in the Board	33% women directors
Anti-Corruption	100% employees trained on anti-bribery and corruption	100% trained
	100% of operations assessed for corruption-related risks	100% assessed
	No confirmed corruption incident	No confirmed corruption incident
ISO Standards	To renew ISO 14001 : 2015 Environmental Management System for GESB	ISO renewed
	To renew ISO 45001 : 2018 Occupational Health & Safety Management System for GESB	ISO renewed
Data Privacy & IT Security	Zero data breaches	Zero data breaches
Supply Chain Management	To obtain at least 95% of purchases from local suppliers	99%
Client/ Customer Satisfaction	Target to achieve 75% and above	E&C - 82% Property - 83% Utilities - 86%

ENVIRONMENT

Category	Sustainability Targets FYE 2025	Achievement
Waste Management	To achieve waste recycling of 15% for Engineering and Construction	19%
	To recycle 3,000 kg of waste at Gadang HQ	3,439 kg waste recycled
Water Management	To achieve total water consumption below 50,000 m^3	49,781 m^3
Energy Management	Solar Renewable Energy Harnessing 15% of Gadang HQ's energy from renewable energy	16.0% or 85,258 kWh clean energy RM44,000 saved
	To achieve total energy consumption below 6,000 MWh	5,467MWh

Sustainability Statement

ENVIRONMENT (Cont'd.)

Category	Sustainability Targets FYE 2025	Achievement
Environment Management	Zero summons from Departmental of Environment ("DOE")	**Zero summons**
Climate Change & Biodiversity	Plant 1,500 trees to offset carbon footprint	**1,769 trees planted Equivalent to 38,918 $kgCO_2$ absorption**
Carbon Emission	Scope 1 To achieve direct emissions intensity of < 0.0100 tCO_2e from diesel-powered plant and machinery	**0.0072**
	Scope 2 To achieve indirect emissions intensity of < 0.0075 tCO_2e from purchased electricity	**0.0057**
	Scope 3 To achieve indirect emissions intensity of < 0.0017 tCO_2e per employee from commuting and business travel	**0.0015**

SOCIAL

Category	Sustainability Targets FYE 2025	Achievement
Health & Safety	To obtain at least one safety award in recognition of promoting a strong safety culture	**7 Safety Awards Obtained**
	To have 80% of staff receive health and safety training	**87.5% (641 employees trained)**
	Zero fatality	**Zero fatality**
	Incident Rate < 4 per 1,000 workers	**Zero incident rate**
	Loss Time Injury Frequency Rate ("LTIFR") < 8	**Zero LTIFR**
Attractive & Inclusive Workplace	School aid support to employees' children. Target 100 students	**RM 29,400 contributed to 147 children**
	To provide average 10 training hours per employee	**15 hours**
	Zero complaint on human rights violation	**Zero human rights violation**
Community Development	Supporting at least two needy scholars for college/university education	**5 students awarded scholarship Contributed RM115,000**
	Supporting Corporate Social Responsibility ("CSR") activities amounting to RM100,000	**Contributed RM130,000**

BUSINESS FRONT

SUSTAINING BUSINESS PERFORMANCE

To sustain revenue and profit

Financial Performance	FYE 2025 (RM'000)	FYE 2024 (RM'000) Restated	FYE 2023 (RM'000)
Revenue	779,812	591,923	496,073
Profit/(Loss) Before Tax	18,027	14,465	(27,897)
Profit/(Loss) After Tax	6,998	495	(41,196)
Shareholders' Funds	816,542	791,862	792,452
Total Assets	1,350,398	1,388,284	1,389,173
Total Cash & Bank Balances, and Investment Securities	263,397	171,405	218,390
Share Price (RM)	0.25	0.44	0.29
Net Assets Per Share (RM)	1.02	1.09	1.09

Specific details of the Group's financial performance are provided in the Management Discussion & Analysis section of this annual report.

Large-Scale Solar Project, Tawau

Laman Citra, Gelang Patah

RTS-Link, Johor Bahru

QUALITY ASSURANCE

To score **above 75%** for QLASSIC assessments

To maintain ISO certifications

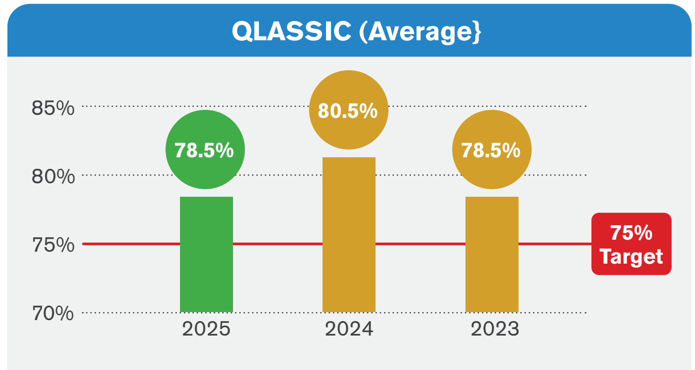
To obtain CIDB SCORE **5 Star rating**

Project quality and workmanship are always our top priorities. We strive to deliver high quality building and infrastructure construction.

QLASSIC (Quality Assessment System in Construction)

In FYE 2025, we participated in three QLASSIC assessments for our property projects, namely Semenyih (Taman Akasia Phase 2A), Gelang Patah (Laman Citra Phase 2) and Cyberjaya (Cassia Residence Phase 3C). We set a minimum target QLASSIC score of 75% and we successfully achieved an average score of 78.5%.

QLASSIC is a system developed by CIDB to measure and evaluate the quality of workmanship in building construction based on the Construction Industry Standard ("CIS").



ISO Quality Standards

We remain committed to upholding high-quality standards through the continued maintenance of our ISO certifications.

This year, we successfully renewed ISO 14001 : 2015 and ISO 45001 : 2018 certifications for our subsidiary, Gadang Engineering, while maintaining ISO 9001 : 2015 and ISO 39001 : 2012 through our regular surveillance audits.

CURRENT ISO MANAGEMENT SYSTEM HELD BY GADANG

GESB, DSB, Utilities (TTS, HTB, DBT)	GESB	GESB	GESB
ISO 9001 : 2015	**ISO 14001 : 2015**	**ISO 45001 : 2018**	**ISO 39001 : 2012**
Quality Management System	Environmental Management System	Occupational Health & Safety Management System	Road Transport Safety Management System

CIDB SCORE Rating

To achieve a 5-star SCORE rating from the Construction Industry Development Board ("CIDB"), a minimum of 85 points and 15 points for each parameter are required.

In our latest assessment, GESB received a 3-star SCORE rating. This was mainly due to ongoing challenges in the construction industry, including work disruptions, supply chain issues, minimum wage increases and rising raw material costs which affected our financial performance. We recognise the importance of this rating and are taking steps to improve in key areas, with the goal of achieving a 5-star rating in the next assessment.

Gadang Holdings Berhad

Sustainability Statement

HANDLING CLIENT / CUSTOMER EXPECTATIONS

To score at least 75% on our Client/Customer satisfaction for all Divisions

We frequently engage our clients/customers through meetings, incorporating their feedbacks, conducting site visits, surveys and utilising other platforms to gauge their satisfaction levels. We are committed to respond in a timely manner whenever issues are raised by them.

Based on client satisfaction surveys conducted across Engineering and Construction, Property Development and Utilities divisions, we successfully achieved our target of 75% customer satisfaction this year.

Engineering & Construction	Property Development	Utilities
2025: 82%	**2025: 83%**	**2025: 86%**
2024: 78% | 2023: 78%	2024: 79% | 2023: 73%	2024: 90% | 2023: 87%

CORPORATE GOVERNANCE

To uphold ethical business conduct and corporate integrity

Sustainability Indicator	Metric	Target	Achievement		
			FYE 2025	FYE 2024	FYE 2023
Anti-Corruption	Employees trained on anti-bribery & corruption	100%	**100%**	100%	100%
	Percentage of operations assessed for corruption risks	100%	**100%**	100%	100%
	No confirmed corruption incidents	0	**No confirmed corruption incidents**	No confirmed corruption incidents	No confirmed corruption incidents

A strong and effective corporate governance ensures corporate success, cultivates a culture of integrity and maintains investors' confidence. We are governed in a structured manner whereby policies are in place to promote good corporate governance, accountability and integrity in the workplace.

Governance Policies for Directors and Employees

- Board Charter
- Code of Ethics and Conduct
- No Gift Policy
- Sustainable Procurement Policy
- Business Continuity Plan
- Biodiversity Policy
- Remuneration Policy of Directors and Employees
- Anti-Bribery and Corruption Policy
- Risk Management Policy
- Human Rights Policy
- ISO Standards
- Conflict of Interest Policy
- Directors' Fit and Proper Policy
- External Auditor Policy
- Board Diversity Policy
- Sustainability Reporting Framework
- Whistleblowing Policy and Procedure
- Health and Safety Policy

Anti-Corruption and Integrity

Zero Tolerance for Bribery and Corruption

We are committed to upholding the highest standards of ethics and integrity in our operations. In line with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Company adopts a zero-tolerance policy towards all forms of bribery and corruption. Our approach is guided by the TRUST principles outlined in the Guidelines on Adequate Procedures.

Strengthening Governance Framework

Annually, we review the Standard Operating Policies and Procedures ("SOPPs") across the Group to ensure they remain relevant and aligned with regulatory requirements. This supports operational efficiency, quality delivery and compliance while minimising risks of miscommunication or non-compliance.

Conflict of Interest ("COI") Declarations

Under the enhanced Conflict of Interest policy, all directors and employees must disclose any actual or potential conflict of interest. A risk assessment was conducted based on these declarations and the results were presented to the Audit Committee ("AC") and the Board.

Corruption Risk Assessment

We conduct annual corruption risk assessments to identify and address potential risks across our operations. The outcomes of these assessments, including mitigation controls, are presented to the Risk Management and Sustainability Committee ("RMSC") and the Board for review.

Third-Party Compliance

To extend our ethical standards beyond internal operations, all third-party business partners including suppliers, vendors and service providers are required to sign the ABC declaration form.

Communication, Training and Awareness

All employees, including new hires during onboarding, are required to acknowledge their understanding and commitment to our anti-bribery and corruption ("ABC") policies. In addition, all directors and employees submit an annual declaration to reaffirm their adherence to these policies.

We continue to strengthen awareness and promote a culture of integrity through regular training, internal communications and policy briefings. Our objective is to ensure that every employee clearly understands their role in upholding ethical conduct.

Whistleblowing

We provide a secure and confidential whistleblowing channel for stakeholders to report any unethical or unlawful activities. Reports can be made through the Whistleblowing Reporting Procedures available at www.gadang.com.my.

In FYE 2025, there were no reported whistleblowing cases or incidents of corruption.

PROTECTING DATA PRIVACY AND ENHANCING IT SECURITY

- To protect Company's data
- To uphold Personal Data Protection Act 2010 ("PDPA") rules and regulations

Sustainability Indicator	Metric	Target	Achievement		
			FYE 2025	FYE 2024	FYE 2023
Data Privacy & IT Security	Data breaches, complaints concerning breaches of customer data and privacy	Zero	**Zero data breaches**	Zero data breaches	Zero data breaches

Gadang is committed to safeguarding the privacy and confidentiality of stakeholder information, in line with the Personal Data Protection Act ("PDPA") 2010. All personal data collected is handled with informed consent and used strictly for legitimate business purposes. The PDPA Notice for customers is also made publicly available on our Property Division website at www.gadangland.com.my.

To uphold data integrity and defend against cybersecurity threats, the Group continuously strengthens its internal IT infrastructure. Throughout the year, we implemented various enhancements to improve data security, including regular reviews and updates of our IT Policies and Procedures as well as the Disaster Recovery Plan. These measures ensure that our systems remain relevant and effective in a rapidly evolving digital environment.

We have implemented multiple layers of cybersecurity safeguards, including advanced email protection, robust firewalls, threat detection and response systems. In addition, continuous IT security awareness is provided to all employees to foster a culture of cyber vigilance as cyber risks and scams are on the rise.

As a result of these ongoing efforts, Gadang recorded no incidents of cyberattacks or data breaches in FYE 2025.

SUSTAINABLE PROCUREMENT

- To maximise the proportion of spending on local suppliers

Sustainability Indicator	Metric	Target	Achievement		
			FYE 2025	FYE 2024	FYE 2023
Supply Chain Management	Proportion of spending on local suppliers	95%	**99%**	99%	99%

Gadang is committed to sourcing responsibly and sustainably. We prioritise local suppliers to reduce our carbon footprint, support communities and promote economic growth.

Our procurement approach is guided by clear evaluation criteria including quality, pricing, delivery timeliness and sustainability. Through our Sustainable Procurement Policy, we promote ESG principles and engage suppliers who uphold high ethical, environmental and social standards.

We recognise that poor sourcing and supplier practices can lead to risks such as delays, substandard quality and reputational impact. As such, we emphasise strong supplier management and responsible procurement to ensure long-term value creation and resilience in our supply chain.

ENVIRONMENT

RESPONDING TO CLIMATE CHANGE

Minimising the environmental Impact

Managing and reducing our environmental footprint remains a key focus in our journey toward environmental sustainability. In FYE 2025, we continued our efforts to reduce the environmental impact of our business through various initiatives.

In line with the National Sustainability Reporting Framework ("NSRF") and recognising climate change as a key focus under IFRS S2, we are progressively working towards disclosing and managing our climate-related risks and opportunities. As we are still in the early stages of transition, this section outlines our current efforts and our commitment to strengthen climate-related practices moving forward.

ENERGY MANAGEMENT

Across our business divisions, we implemented energy-saving initiatives to reduce energy consumption to combat climate change.

Energy Saving Methods:

1. Using energy-efficient lighting ("LED") lights and equipment
2. Switching off electronics, lights and air conditioners when not in use
3. Periodic maintenance on air conditioners and equipment
4. Educating staff on energy conservation
5. Transitioning to solar PV whenever possible

	GROUP ENERGY CONSUMPTION				
	ENGINEERING	PROPERTY	UTILITIES	HQ	TOTAL
PERIOD	Electricity (kWh)				
FYE 2025	**513,182**	**191,129**	**4,311,569**	**451,528**	**5,467,408**
FYE 2024	319,210	183,479	4,724,141	552,747	5,779,577
FYE 2023	214,435	173,153	4,527,465	553,929	5,468,982

Note:
FYE 2025 consumption for Engineering division was higher due to the inclusion of site workers' accommodations.

Sustainability Statement

SOLAR ENERGY

To reduce reliance on grid electricity, we have installed solar photovoltaic ("PV") systems at Gadang HQ and project sites. This supports our carbon reduction efforts and is in line with the government's National Energy Transition Roadmap ("NETR") towards a low-carbon future.

In FYE 2025, solar energy contributed approximately 16% of our HQ's total energy usage, reflecting our ongoing efforts to improve energy efficiency and reduce our environmental impact. We remain committed to expanding the use of renewable energy and supporting the shift toward a cleaner, greener future.

	GADANG HQ SOLAR PV GENERATION		
PERIOD	**Target Savings**	**Energy Savings**	**Solar PV Generation (kWh)**
FYE 2025		**16.0%**	**85,258**
FYE 2024	**15%**	17.1%	94,164
FYE 2023		17.3%	95,818

Gadang HQ and project sites solar PV

SUPPLYING CLEAN ENERGY TO COMMUNITIES

As part of our commitment to sustainable development, we ventured into renewable energy projects that provide clean energy and support the transition to a low-carbon future.

Our current initiatives include:

Lintau, Indonesia

Operating a 9MW mini hydro plant that supplies electricity to approximately 27,000 rural homes, benefiting over 100,000 people.

Tawau, Sabah

Will soon commence operations for a 5.9MWa.c. solar project, supplying clean energy to nearly 2,400 households, supporting Malaysia's shift to low-carbon energy.

We remain committed to expanding our renewable energy footprint through solar and hydro projects that promote long-term environmental sustainability.

WATER MANAGEMENT

We monitor water usage across our operations to improve efficiency and reduce wastage. Employees are regularly reminded to use water responsibly as part of our ongoing conservation efforts.

To support sustainable water use, rainwater harvesting systems have been installed at several project sites, including RTS Link and the Institute Perubatan Forensik Negara (“IPFN”). Collected rainwater is used for wheel washing, dust control and general cleaning, reducing reliance on treated water.

	GROUP WATER CONSUMPTION				
	ENGINEERING	PROPERTY	UTILITIES	HQ	TOTAL
PERIOD	Water (m^3)				
FYE 2025	**39,158**	**4,102**	**1,200**	**5,321**	**49,781**
FYE 2024	18,576	1,665	1,200	5,056	26,497
FYE 2023	19,703	1,667	1,200	4,713	27,283

Notes:
1. *Engineering’s FYE 2025 water consumption was higher as it included site workers’ accommodations. For FYE 2024 and FYE 2023, the data for site workers’ accommodations were not available.*
2. *Property’s FYE 2025 water consumption was higher due to the opening of the Sales Gallery at the Vyne (Phase 4), Sungai Besi.*



Installed rainwater harvesting at IPFN and RTS Link project sites

SUPPLYING CLEAN WATER TO INDONESIA COMMUNITIES

As part of our commitment to UN Sustainable Development Goal 6 (Clean Water and Sanitation), we support efforts to expand access to safe and clean water in Indonesia.

Our water treatment operations in Kabupaten Sidoarjo and Kabupaten Gresik supply clean water to local communities in collaboration with government agencies:

Operation	Coverage Area	Population Coverage	Household Coverage
TTS & HTB	Kabupaten Sidoarjo	44%	250,000 households
DBT	Kabupaten Gresik	10%	35,000 households

We treat raw water from rivers and surface sources to remove pollutants, sediments and bacteria. Water samples are tested every two hours to ensure compliance with WHO guidelines and Indonesia’s Permenkes No. 492/2010.

Sludge and sediments from treatment processes are properly handled before discharge, while solid waste is disposed at approved sites to ensure environmental compliance.

Gadang Holdings Berhad

Sustainability Statement

SUSTAINABLE BUILDING CERTIFICATIONS

We continue to integrate sustainability into our construction projects by pursuing recognised green building certifications such as the Green Building Index ("GBI"), MyCREST and LEED. These certifications reflect our commitment to energy efficiency, resource conservation and reducing environmental impact.

Project Name	Certification Type	Status	Key Features
Residensi Hana @ The Vyne	**GBI** *(Certification)*	In Progress	Energy-efficient systems, low-VOC materials, sustainable site planning
Institute Perubatan Forensic Negara ("IPFN")	**MyCREST** *(Certification)*	In Progress	Solar panels, rainwater harvesting, efficient HVAC, eco-friendly materials
Klang Valley Data Centre ("KVDC")	**LEED** *(Silver)*	In Progress	Energy management systems, green power, water-saving fixtures
Cyberjaya Hospital	**GBI** *(Platinum)*	Certified in **2023**	Solar panels, green roof, rainwater harvesting, IBS, sustainable materials

Environmental benefits of our Green Building Projects.

- **Reducing energy use** through solar panels, efficient lighting and HVAC systems
- **Conserving water** with rainwater harvesting systems and water-saving fixtures
- **Minimising construction waste** via IBS and sustainable construction practices
- **Improving indoor air quality** with low-VOC and non-toxic materials
- **Lowering carbon emissions** by using sustainable building materials and energy-efficient designs

ENVIRONMENTAL MANAGEMENT SYSTEM

- To comply to all rules and applicable environmental regulations
- Zero summons from Department of Environment ("DOE")

We are committed to protect the environment through our certified ISO 14001 : 2015 Environmental Management System ("EMS"). Our projects follow the Environmental Quality Act 1974 and other relevant laws at every stage of construction.

Each project is guided by an Environmental Management Plan ("EMP") and our internal Health, Safety and Environment ("HSE") Manual, which helps us manage environmental risks effectively.

To maintain high environmental standards, we regularly monitor air, noise and water quality at our project sites.

These monitoring activities follow established national guidelines:

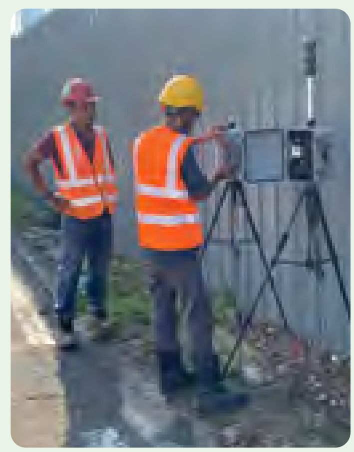
- Malaysian Ambient Air Quality Standard
- Guidelines for Environmental Noise Limits and Control
- National Water Quality Standards

Environment Practices at Project Sites

Air Pollution Control

We implement proactive measures to control air pollution at our project sites to minimise impact on the surrounding environment and communities. Natural buffer zones are preserved or established to act as filters for dust control. To manage dust dispersion, wheel washing systems, water bowsers and road sweepers are used along haul roads and access points. These measures help prevent the spread of dust and ensure that soil and dirt are not carried onto public roads.

The ambient air quality is regularly monitored and the results are in compliance with the Malaysia Ambient Air Quality Standard 2020 ("MAAQS").



Noise Pollution Control

We actively monitor noise levels at our project sites to ensure compliance with environmental standards and to minimise disturbance to nearby communities. To manage noise effectively, we adopt good site practices such as maintaining equipment in proper working condition, scheduling high-noise activities during appropriate hours and provide awareness training to workers. Our noise monitoring devices are powered by solar energy, reflecting our commitment to sustainable practices while ensuring continuous environmental compliance. These proactive measures help reduce noise pollution, promote community well-being and contribute to a safe and comfortable working environment for all.

All recorded noise levels have remained within the recommended limits as outlined in the Guidelines for Environmental Noise Limits and Control.

Environment Practices at Project Sites

Water Pollution Control

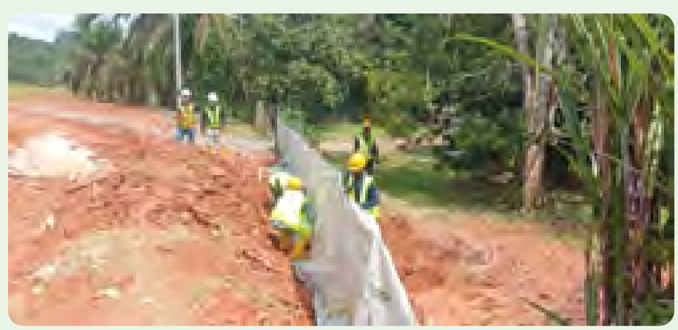
We are committed to ensuring that all water discharged from our project sites meet the required quality standards and regulations. Regular water sampling is carried out and tested by accredited laboratories to monitor compliance.

At sites with low water discharge, we use standard control measures such as silt traps and sediment basins. For sites with higher discharge volumes, we install water treatment systems with filtration to ensure the discharged water is clean and within regulatory limits.

Erosion & Sediment Control

We take erosion and sediment control seriously, especially with heavier rainfall becoming more frequent due to climate change. Without proper measures, these risks can harm the environment and nearby communities.

To manage this, we apply Best Management Practices ("BMPs") at our construction sites, such as silt fences, silt traps and slope protection to control surface runoff and prevent sediment from entering nearby water bodies. These efforts help protect waterways, reduce flooding risks and preserve surrounding ecosystems.



In FYE 2025, there were no summons from DOE from any of our project sites.

WASTE MANAGEMENT

To reduce environmental pollution

Waste management is a key part of our environmental efforts, especially with limited landfill space, rising pollution and the impact of climate change. Construction waste is a growing environmental concern.

We manage waste at our project sites through proper planning, segregation and reuse. Waste is categorised into hazardous (e.g. scheduled waste under the Environmental Quality Regulations 2007) and non-hazardous (e.g. construction and domestic waste). We aim to divert materials such as timber, concrete and steel away from landfills through reuse and recycling, in line with the 3R principles of Reduce, Reuse, Recycle.

Our adoption of sustainable construction frameworks like GBI, LEED and MyCREST supports structured waste management practices, including material efficiency, on-site segregation and responsible disposal. These frameworks guide our teams to minimise waste throughout the building lifecycle.

To support these efforts, we provide designated waste bins on-site and conduct awareness sessions to promote responsible waste handling among workers and subcontractors.

Engineering & Construction

Waste generated (Tonne)	FYE 2025	FYE 2024	FYE 2023
Total waste generated	**1,423**	1,296	693
Waste directed to disposal	**1,160**	1,097	445
Waste diverted from disposal	**263**	199	248

Sustainability Indicator	Metric	Target	2025 KPI achievement	2024 KPI achievement
Waste Management	Waste diverted from disposal (Recycle)	15%	**19%**	15%

Waste separation at source promotes responsible disposal and landfill reduction

Recycling and Waste Reduction at HQ

Recycling at Gadang HQ	Recycling Target	Achievement		
		FYE 2025	FYE 2024	FYE 2023
Recycled amount	3,000kg	**3,439 kg**	5,457 kg	4,606 kg

At Gadang HQ we are shifting our focus from just recycling to prioritising waste reduction at the source. Our aim is to reduce consumption wherever possible followed by reuse and recycling efforts.

We continue to cultivate a recycling culture by providing recycling bins on every floor for paper, plastic, metal and other materials. Recyclable items are collected and periodically sold to licensed recycling vendors.

As at May 2025, we successfully collected 3,439 kilograms of recyclable materials. The figure was lower compared to FYE 2024 because last year the IT Department carried out an e-waste campaign which collected approximately 2,000 kg of e-waste. Moving forward, we are planning more initiatives to reduce overall waste generation and promote responsible consumption among employees.

Papers	Carton Box	Plastics	Electronic	Metals
2,853 kg	435 kg	69 kg	41 kg	41 kg

BIODIVERSITY AND TREE PLANTING

To sustainably utilise and conserve the ecosystems

We recognise the value of nature and the importance of preserving natural ecosystems for future generations. Protecting biodiversity is part of our environmental responsibility and supports our long-term business resilience.

We are committed to reducing our environmental impact and following the requirements of the approved Environmental Impact Assessment ("EIA"). Through our Best Management Practices ("BMPs"), we put in place strict controls to manage biodiversity at our project sites.

While tree clearing is sometimes unavoidable in construction and property development, we are mindful of the impact on nature. To reduce this impact, we incorporate tree planting and landscaping into our projects, including the creation of parks, walkways and green spaces to meet local greenery requirements.

As part of our response to climate change, we recognise the importance of trees in absorbing carbon, improving air quality and helping to cool the environment. Tree planting is a key part of our efforts to support climate resilience.

Tree Planting Initiatives

We work together with Jabatan Perhutanan, local authorities and community partners to promote tree planting. Some of our key activities include employee-led planting and mangrove restoration which help raised awareness and encourage a lasting culture of tree planting.

This year, Gadang Engineering and Gadang Property successfully planted a total of 1,769 trees as part of our ongoing commitment to environmental sustainability.

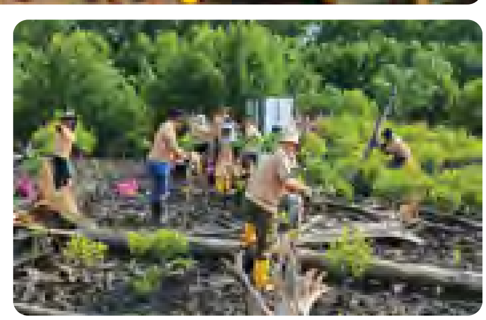
Gadang is proud to be a corporate supporter of the 100 Million Tree-Planting Campaign by Jabatan Perhutanan, with efforts that begin within our own organisation.

Tree Planting Initiative	Target	Achievement		
		FYE 2025	FYE 2024	FYE 2023
Number of Trees Planted	1,500 Trees	**1,769 Trees**	1,678 Trees	1,895 Trees
Tree planting CO_2 carbon absorption ($KgCO_2$)	33,000 $KgCO_2$ carbon absorption	**38,918 $KgCO_2$**	36,916 $KgCO_2$	41,690 $KgCO_2$







CLIMATE CHANGE AND GHG EMISSION

To combat climate change, global warming

To reduce GHG emission

Climate change remains one of the most urgent global challenges, with extreme weather events, rising sea levels, heatwaves, floods and droughts affecting communities and economies worldwide. Recognising that greenhouse gas ("GHG") emissions are a key driver of climate change, we are committed to minimising our environmental impact across our operations.

In line with Malaysia's National Sustainability Reporting Framework ("NSRF") and the new sustainability regulations under IFRS S1 and S2, we are gradually enhancing our climate-related disclosures and aligning our practices to meet these updated requirements.

Our Climate Action Journey

- **2024 Baseline Year**: We have set FYE 2024 as our baseline year for GHG emissions. Our inaugural GHG inventory captured emissions across key business operations.
- **Scope Expansion**: In this year's inventory review, we adopted the operational control approach and included additional assets such as employees' accomodations to improve completeness.
- **Progress Review**: This data not only helps us understand our emissions profile but also serves as a benchmark for future reduction efforts.
- **Transition to IFRS S2**: We are gradually transitioning towards IFRS-aligned climate reporting, building the internal capacity needed to meet its requirements in the years ahead.

Moving forward, we will continue to strengthen our understanding of GHG emissions and enhance our climate-related practices in line with evolving standards. Climate change will remain a key priority in our sustainability journey.

Absolute GHG Emissions (tCO_2e)

Description	Scope	2025 Emissions	2024 Emissions
Direct Emissions (Owned machinery)	Scope 1	**5,593**	6,103
Indirect Emissions (Purchased electricity)	Scope 2	**4,427**	4,617
Indirect Emissions - Category 6 (Business Travel) - Category 7 (Employee Commuting)	Scope 3	**1,165**	1,038

GHG Emission Intensity (tCO_2e/RM'000)

Description	Scope	Target	2025 intensity	2024 intensity
Direct Emissions (Owned machinery)	Scope 1	$<$ 0.0100	**0.0072**	0.0103
Indirect Emissions (Purchased electricity)	Scope 2	$<$ 0.0075	**0.0057**	0.0078
Indirect Emissions - Category 6 (Business Travel) - Category 7 (Employee Commuting)	Scope 3	$<$ 0.0017	**0.0015**	0.0018