

Progressing In Engineering

Pursuing
with Purpose

ANNUAL
REPORT 2025

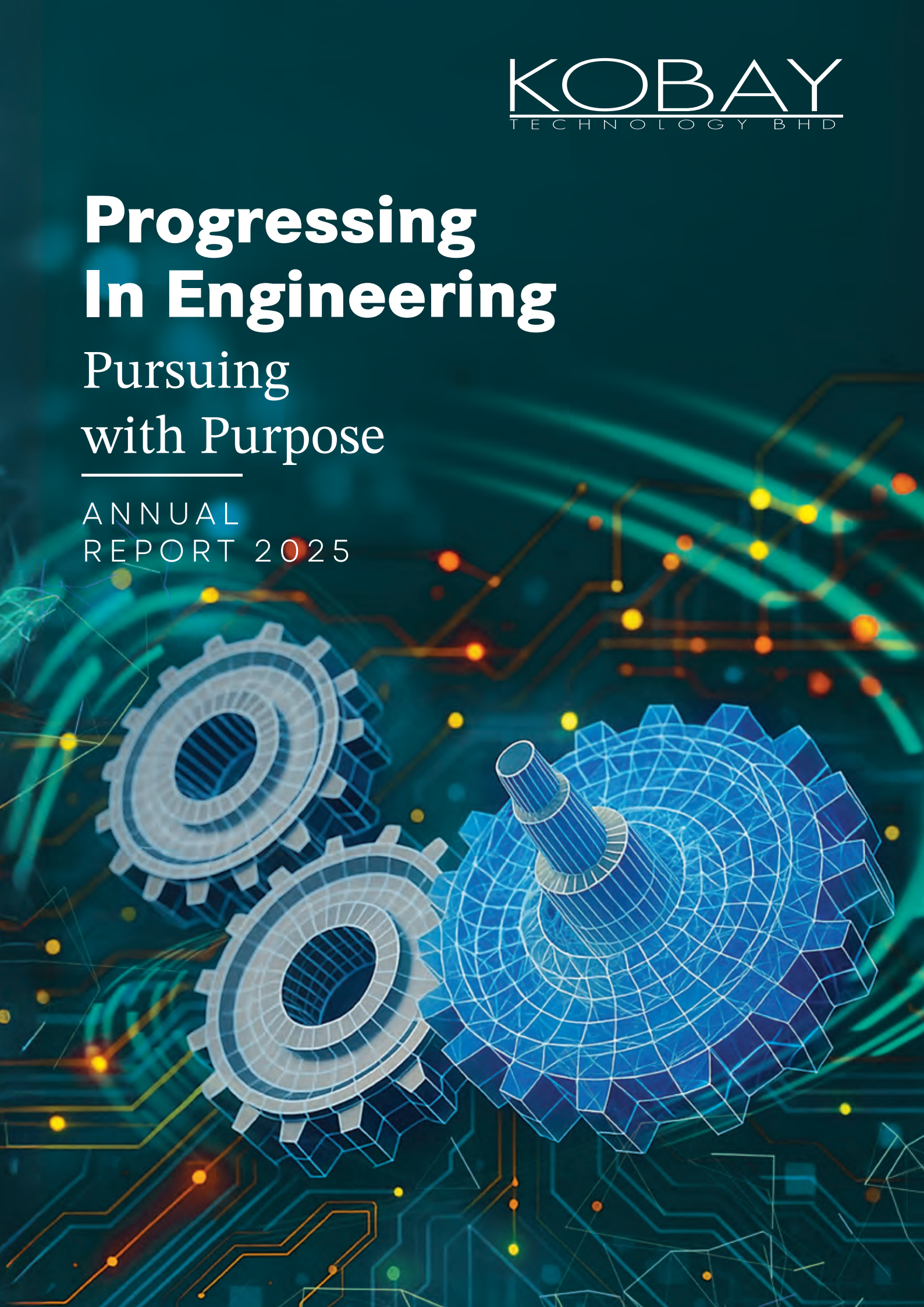


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WE ARE GUIDED BY OUR

ACTIONS

WHICH UNDERLIE THE CULTURE OF THE
KOBAY GROUP OF COMPANIES

- A** gility
- C** an-Do Attitude
- T** amwork
- I** nitiative and Accountability
- O** wnership and Pride
- N** ever Stop Learning
- S** peed of Response

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Our Vision

To be a market leader and pre-eminent supplier to customers worldwide.



Our Mission

To pursue excellence in all aspects of our business to serve our customers in the global market.

To achieve sustainable, profitable growth, we combine market leading technology with a highly competent and committed workforce to achieve business excellence which is reflected in the products and services we offer.

Success is measured by our ability to create economic value, bond with our customers and suppliers, promote a sense of pride and ownership amongst our employees and produce a higher return of equity to our shareholders.



Our Values & Beliefs

Our shared values and beliefs are the foundation upon which our company is built. We believe that our people, striving towards a shared vision and guided by a common set of values and beliefs are our most valuable asset and the ultimate sustainable source of our competitive advantage.

Corporate Directory and **Information**

BOARD OF DIRECTORS

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil
Chairman / Independent and Non-executive Director

Dato' Seri Koay Hean Eng
Managing Director / Chief Executive Officer

Koay Zee Ee
*Executive Director / Chief Operation Officer – Engineering,
Mechatronic and Contract Manufacturing Division*

Koay Wooi Seong
*Executive Director / Chief Operation Officer – Property Development
and Hospitality Management Division*

Koay Cheng Lye
Non-independent and Non-executive Director

Lim Siew Wee
Senior Independent and Non-executive Director

Koay Pei Feng
Independent and Non-executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lim Siew Wee *Chairman*
Koay Cheng Lye *Member*
Koay Pei Feng *Member*

NOMINATING COMMITTEE

Koay Pei Feng *Chairman*
Koay Cheng Lye *Member*
Lim Siew Wee *Member*

REMUNERATION COMMITTEE

Koay Cheng Lye *Chairman*
Lim Siew Wee *Member*
Koay Pei Feng *Member*

... Corporate Directory and Information

SECRETARIES

Chan Mun Shee (MAICSA 7003071)
SSM PC No. 202508000424

Wong Mee Choon (MACS 01562)
SSM PC No.: 201908001211
Email : cosec@kobaytech.com

BANKERS

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
CIMB Islamic Bank Berhad
Ambank (M) Berhad
Public Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
HSBC Bank Malaysia Berhad

REGISTERED OFFICE

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 Georgetown,
Penang.
Tel.: (04) 3711338
Fax : (04) 2261363

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad
(Stock Code : 6971; Stock Name : KOBAY)

REGISTRAR

Securities Services (Holdings) Sdn. Bhd
Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar,
10200 Georgetown,
Penang.
Tel: (04) 2631966
Email : info@sshsb.com.my

INVESTOR RELATION

Chan Mun Shee
Email : investor.relation@kobaytech.com

AUDITORS

Crowe Malaysia PLT
Chartered Accountants
Level 6 Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang.
Tel: (04) 2277061

WEBSITE

www.kobaytech.com

Kobay Business and its structure

Corporate Structure as at 30 September 2025



Notes :-

** Subsidiary of Kobay Industries Sdn. Bhd.

Subsidiary of Avelon Healthcare Group Sdn. Bhd.

Management Discussion and Analysis

Dear Valued Shareholders,

I am pleased to share with you the Management Discussion and Analysis ("MD&A") for the financial year ended 30 June 2025 ("FY2025") on behalf of the Board of Directors (the "Board") of Kobay Technology Berhad ("Kobay" or the "Group"),

BRIEF OVERVIEW OF FY2025

The global economy in FY2025 recorded a gross domestic product ("GDP") growth of 3.3% in 2024, with a projected slowdown to 3.0% in 2025, according to the International Monetary Fund ("IMF"). This moderation stemmed from ongoing trade tensions and geopolitical conflicts, compounded by uncertainties surrounding protectionist policies introduced in early 2025. The shift in the United States ("US") trade policy following the installation of a new administration in 2025 introduced reciprocal tariffs, broader export controls, and tighter supply chain restrictions. These measures not only reintroduced uncertainty into the global trading system but also diluted the intended benefits of monetary easing. Taken together, these developments reinforced the fragility of the global economy, with growth prospects clouded by a combination of restrictive financial conditions, policy uncertainty, and supply chain realignments.

On the local front, Bank Negara Malaysia ("BNM") reported GDP growth of 5.1% in 2024, outperforming the global average. This was underpinned by firm public consumption, rising investments, and a solid export performance. Domestic demand was further bolstered by public sector spending and infrastructure projects, while stable inflation and improved consumer confidence provided a steady backdrop for economic stability.

Meanwhile, the global semiconductor industry closed 2024 on a strong note, fuelled by demand for artificial intelligence ("AI"), high-performance computing ("HPC"), and data centre memory chips. This momentum was further reinforced by higher silicon wafer shipments, integrated circuit ("IC") sales, and renewed capital expenditures in leading-edge technologies. Moving to 2025, SEMI reports that recovery is beginning to broaden beyond memory, with the second quarter showing encouraging signs of growth. Demand for silicon wafers used in AI-driven data-centre applications, particularly high-bandwidth memory ("HBM") remains especially resilient, underscoring the industry's structural growth prospects.

Against this backdrop, Kobay delivered steady topline growth in FY2025 with revenue growing 3.5% year-on-year ("YoY") to RM341.9 million. At the bottom-line, the Group reported a loss before tax and net loss after NCI of RM10.7 million and RM15.2 million respectively. This was largely due to the net impact of one-off non-cash impairment losses on intangible assets of RM30.3 million. Adjusting for the one-off item, profit before tax ("PBT") would have been RM19.6 million, which better reflects the underlying operational performance.

GROUP OVERVIEW

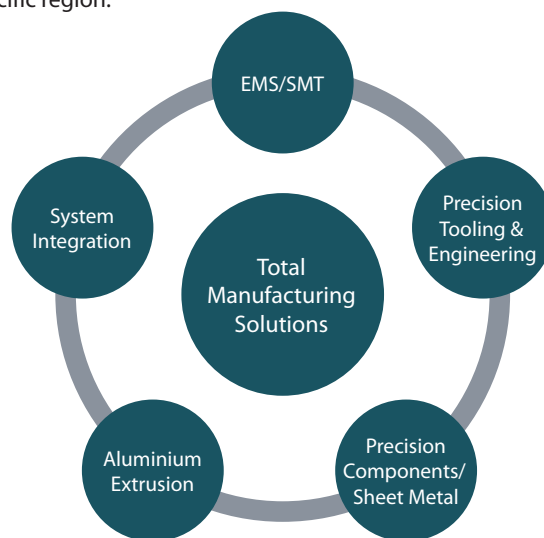
Tracing its roots to 1984, Kobay has steadily grown into a recognised force in Malaysia's engineering and manufacturing domain. Over the years, the Group has built a strong reputation for delivering one-stop engineering solutions, enabling us to serve a diverse range of industries.

The Group's journey reached a pivotal point in 1997 with its listing on the Main Market of Bursa Malaysia Securities Berhad, underscoring both resilience and long-term potential. Today, our operations are anchored at our headquarters in Georgetown, Pulau Pinang, and supported by 10 manufacturing plants in Seberang Perai and Bayan Lepas, Penang, and Pontian, Johor.

Manufacturing

Kobay's manufacturing arm delivers an extensive suite of services that extend from high-precision machining components and heavy metal structure fabrication to automated equipment solutions, and electronic manufacturing services ("EMS"). The segment also undertakes the design and production of semiconductor test-handling equipment, alongside manufacturing services to support the evolving requirements of our customers.

Our solutions are applied across a wide spectrum of industries, including semiconductors, electronics and electrical ("E&E"), aerospace, oil and gas ("O&G"), medical technology, and life sciences. Trusted by longstanding relationships with domestic players as well as multinational corporations, we continue to grow our presence beyond Malaysia, with an expanding customer base across Europe, North America, and the Asia Pacific region.



EMS – Electronic Manufacturing Services
SMT – Surface Mount Technology

... Management Discussion and Analysis

GROUP OVERVIEW (CONT'D)

Manufacturing (Cont'd)

To strengthen its manufacturing portfolio, the Group's wholly-owned subsidiary, Kobay UA Sdn. Bhd. ("Kobay UA") was realigned to focus on High Level Assembly ("HLA") and Electronics Manufacturing Services ("EMS") activities. This enables the Group to leverage its capabilities and expertise in mechanical and electronic manufacturing and in turn ascend the value chain into AI industries. On that note, our EMS business has also marked steady progress during the year. We successfully widened the industries that we serve and capitalize on the growing demand from digitalisation, cloud expansion, and the Internet of Things ("IoT") related infrastructure. Established in 2023, the aluminium extrusion plant has gradually gained traction as part of Kobay's expansion into sustainable manufacturing. Focused on producing aluminium extruded frames, which are recyclable and environmentally friendly, production has grown steadily.

In FY2025, the Manufacturing Division strengthened its role as a key driver of the Group, supported by sustained demand across core industries and contributions from new initiatives such as aluminium extrusion and EMS. These developments have enhanced the division's capabilities and reinforced its position for long-term growth.



Aluminium Extruded Frames

Property Development



Conceptual Illustration of the Laguna Bay Residences

Recognising the opportunities in Malaysia's property sector, Kobay established its property development division in 2016. From its first landmark project in Langkawi to a more recent launch in Penang, the division has steadily built a reputation for property developments that combine quality design with strategic location advantages. The Group's maiden project, Lavanya Residences in Langkawi, with a total gross development value ("GDV") of RM318.0 million was successfully handed over in FY2023.

In 2023, the Group unveiled Laguna Bay Residences in Sungai Batu, Penang, a development with a GDV of RM124.42 million. Designed as a low-density 31-storey affordable beachfront residence, it offers just 342 units, each with a built-up area of 900 square feet, supported by a nine-level parking podium and three floors of recreational amenities. Well-received since launch, construction has been progressing well, and the take-up rate stands at around 80% as of end FY2025.

1

Block with
19 Levels of
Residential
Units

3

Levels of
Recreational
Facilities

18

Units of
Residential
Units Per
Floor

342

of Residential
Units in Total

900

Square Feet
of Built-up
Area

... Management Discussion and Analysis

GROUP OVERVIEW (CONT'D)

Property Development (Cont'd)

The strategic location of Laguna Bay Residences in Sungai Batu, Penang is a key differentiator. The development is positioned within close range of major transportation nodes, including Penang International Airport and the Second Penang Bridge, as well as the Free Trade Zone, which serves as an important industrial hub. Its accessibility is further strengthened by nearby commercial centres such as Queensbay Mall and established healthcare facilities including Pantai Hospital, collectively enhancing the development's value proposition as a well-connected residential address.



Well-Connected to Urban Conveniences

The table below lists our active projects under development/in the pipeline:-

No.	Description	Location	Land Area (acre)	Business Mode	Status
1.	Affordable Apartment	Sg. Batu, Penang	1.80	Own	Launched
2.	Mixed Development	Sg. Nibong, Penang	3.05	Own & Joint-Venture	Under design & planning.
3.	Mixed Development	Bkt. Mertajam, Penang	7.10	Own	Under design & planning.
4.	Serviced Apartment	Tg. Bungah, Penang	1.55	Own	Under design & planning.
5.	Residential Development	Lumut, Perak	19.50	Own	Under design & planning

As at end-FY2025, the Group's property development arm has undeveloped land reserves totalling 33.0 acres earmarked for future development opportunities.

... Management Discussion and Analysis

GROUP OVERVIEW (CONT'D)

Pharmaceutical

Kobay ventured into the pharmaceutical and healthcare sector in 2021 with the acquisition of a 70% equity stake in Avelon Group. Today, the division comprises a retail pharmacy network of 4 pharmacies under the brand name “Park@City”, together with a dedicated BioBay retail store in the Klang Valley.



Damansara Utama

Metro Prima Kepong

Bangsar

Taman Sri Bintang

Park@City Retail Pharmacy Stores in the Klang Valley

Beyond providing access to more than 120 healthcare products, Park@City locations also offer on-site health checks including blood pressure, cholesterol and glucose monitoring, as well as body mass index (“BMI”), skin, hair and bone density analysis. By combining retail and basic diagnostic services, the division supports preventive healthcare needs while reinforcing customer loyalty.



Health Check Services at Park@City pharmacies

The Group stepped up its advertising efforts during the year, including billboard placements at strategic locations, to strengthen brand visibility and enhance market presence in the pharmaceutical segment.



Karak Highway, Pahang

Kepong Selayang Highway, Selangor

Damansara, Selangor

MRR2 Highway, Kuala Lumpur

... Management Discussion and Analysis

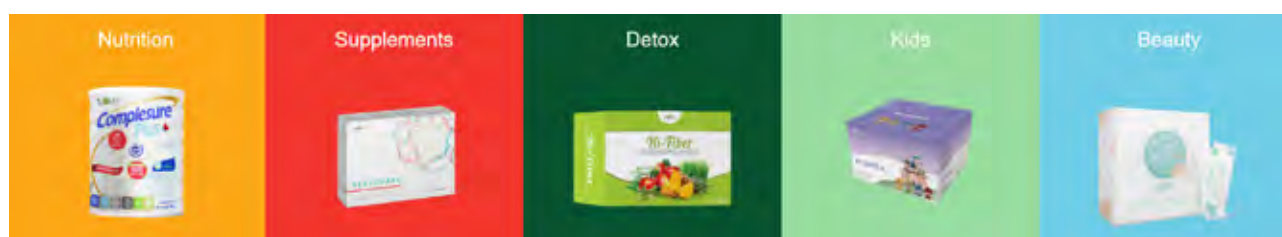
GROUP OVERVIEW (CONT'D)

Pharmaceutical (Cont'd)

Avelon Group also manages the “BioBay” product line, which features over 40 healthcare products across categories such as nutrition, supplements, detox, children’s health and beauty. Supported by a warehouse and distribution facility in the Klang Valley, the business benefits from efficient logistics and proximity to a mature consumer base, strengthening its market reach.



BioBay Brand Logo



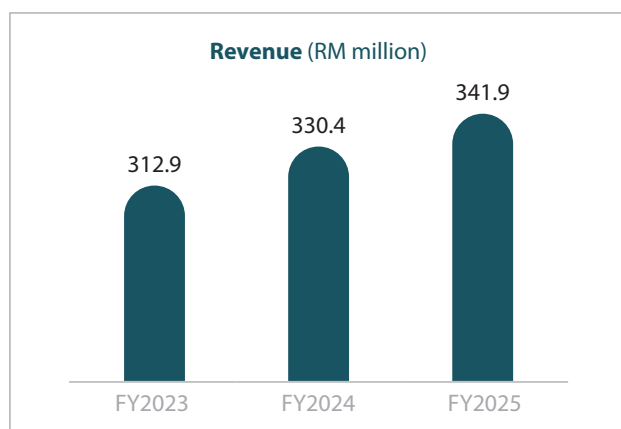
Diverse Product Portfolio Under Avelon Group's Brands

REVIEW OF FINANCIAL RESULTS

INCOME STATEMENT HIGHLIGHTS

Revenue

In FY2025, Kobay recorded revenue of RM341.9 million, representing a 3.5% YoY increase from RM330.4 million in the prior year. The improvement was largely driven by better performance by the manufacturing division.



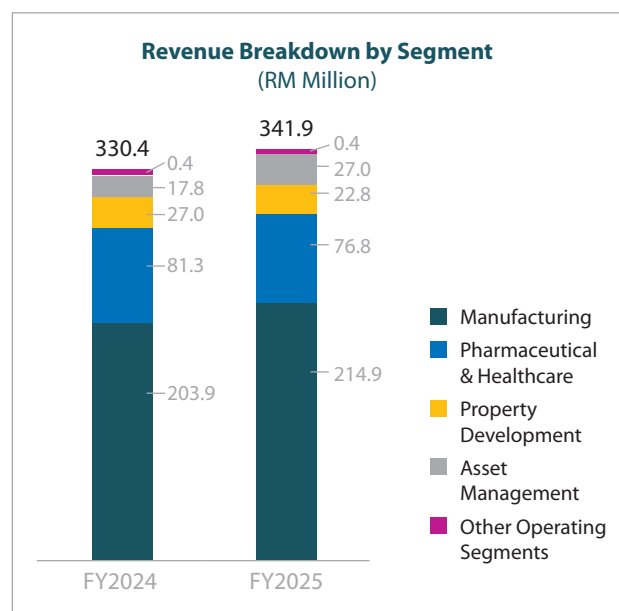
Gross Profit

In tandem with the top-line growth, gross profit (“GP”) rose by 4.7% YoY to RM82.8 million in the financial year under review, up from RM79.1 million in the preceding year. This was chiefly attributed to a more favourable product mix within the manufacturing division on top of higher sales achieved. For FY2025, the Group’s GP margin remained healthy at 24.2% versus 23.9% last year.

Bottom-Line

At the bottom-line, the Group posted a loss before tax (“LBT”) and net loss after NCI of RM10.7 million and RM15.2 million in FY2025. This was largely due to one-off non-cash Impairment losses on intangible asset amounting to RM30.3 million. Adjusting for this one-off item, adjusted PBT would have been RM19.6 million, which better reflects the underlying operational performance.

SEGMENTAL ANALYSIS



... Management Discussion and Analysis

REVIEW OF FINANCIAL RESULTS (CONT'D)

SEGMENTAL ANALYSIS (CONT'D)

Manufacturing

In FY2025, the manufacturing division remained the Group's primary revenue driver, contributing RM214.9 million or 62.9% to total sales. This was an increase of 5.4% YoY from RM203.9 million a year ago. PBT for the financial year under review also improved to RM16.3 million from RM14.3 million in FY2024, a rise of 14.1% YoY. The improvement stemmed from higher sales orders, particularly in high-precision machined components, as well as precision metal stamping and sheet metal products.

Property Development

Meanwhile, the property development division contributed RM22.8 million or 6.7% to FY2025 turnover. This was lower than RM27.0 million achieved last year due to lower sales conversion for the Langkawi project. LBT for the financial year under review came in at RM1.2 million versus a LBT of RM0.5 million in FY2024 as a result of the present value accounting adjustments on joint venture entitlements.

Pharmaceutical & Healthcare

The pharmaceutical and healthcare division reported a revenue of RM76.8 million or 22.4% to total FY2025 revenue (FY2024: RM81.3 million). PBT for the financial year under review stood at RM3.1million vis-à-vis RM5.9 million. The softer performance reflected strategic pricing adjustments undertaken to defend market share amid intensified competition, coupled with regulatory price pressures, higher logistics costs, and rising supply costs across both the wholesale and retail segments, which compressed margins and affected overall profitability.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

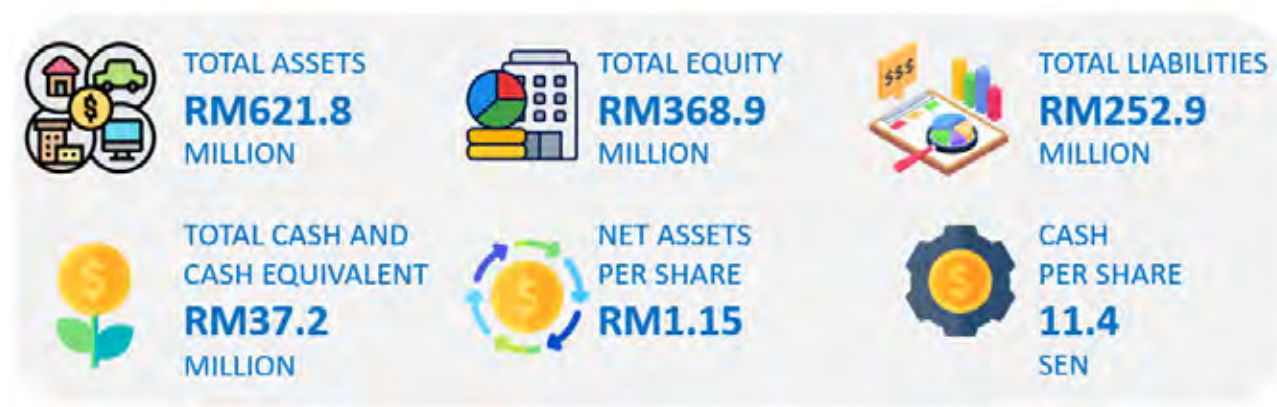
As at 30 June 2025, the Group's total assets stood at RM621.8 million, which is broadly in line with RM610.2 million a year earlier. As of end-FY2025, total cash and bank balances stood at RM37.2 million, as compared to RM51.4 million last year.

On the other hand, total liabilities rose to RM252.9 million at the close of FY2025 from RM219.8 million last year. The increase was mainly attributable to higher total borrowings at RM141.2 million as at end-June 2025 versus RM115.9 million in the prior year. Meanwhile, total equity at the close of the financial year under review was at RM368.9 million, slightly lower than the RM390.4 million in end-FY2024. This was primarily due to the net loss recorded as a result of the impairment losses on intangible asset incurred in FY2025.

Net Gearing Ratio, Cash Per Share & Net Assets per Share

The Group's net gearing was at 0.29 times as of 30 June 2025, compared to 0.18 times a year ago as a result of higher borrowings. Cash per share at the close of the financial year under review stood at 11.4 sen vis-à-vis 15.8 sen last year. Net assets per share as at end-June 2025 amounted to RM1.15 versus RM1.22 last year.

Balance Sheet Highlights as at 30 June 2025



... Management Discussion and Analysis

CORPORATE DEVELOPMENTS

Status of Utilisation of Proceeds Raised from the Private Placement

In November 2021, Kobay undertook a private placement exercise involving the issuance of 19.9 million placement shares, which raised RM110.45 million in net proceeds after deducting transactions costs. The funds were initially intended mainly for the establishment of a new aluminium manufacturing plant, with a portion earmarked for the repayment of bank borrowings. Thereafter, the Group announced on 18 June 2025 that the Board had resolved to revise the utilisation of the balance of proceeds raised from the Private Placement and reallocate the sum towards the working capital requirements of the Group. At the close of the financial year under review, all proceeds had been fully utilised.

No.	Purpose	Proceeds from 1 st Tranche (RM mln)	Revise Utilisation of Proceeds (RM mln)	Actual Utilisation (RM mln)	Balance Unutilised (RM mln)	Estimated timeframe for utilisation
1	Setting up new aluminium manufacturing plant for the Group's manufacturing division	60.00	(20.74)	(39.26)	-	
2	Partial repayment of bank borrowings	50.00	-	(50.00)	-	
3	Working capital for the Group's manufacturing division	-	20.74	(20.74)	-	
4	Estimated expenses	0.45	-	(0.45)	-	
	Total	110.45	-	(110.45)	-	

Acquisition of Trademarks

In the financial year under review, Galaxis Healthcare Sdn. Bhd. ("GHSB"), a wholly owned subsidiary of Avelon Group, in which Kobay holds a 70% stake, completed the acquisition of a portfolio of registered trademarks from Ms. Chong Huei Shin, Director of Avelon Healthcare Group, for a total consideration of RM2.2 million. The trademarks encompass several established names under the "BioBay" brand name, including K'YANOLL, FITO-C, REZWEL, and BBH2. The acquisition, funded entirely through internal resources, provide the Group with full ownership and control of these brands, thereby safeguarding brand identity, strengthening consumer trust, and ensuring consistent application across markets.

ANTICIPATED AND KNOWN RISKS

Supply Chain Uncertainties

The Group operates against a backdrop of heightened global uncertainties, from shifting US trade policies and China-US tensions to ongoing conflicts in Europe and the Middle East. Such conditions may disrupt sourcing channels, inflate material costs, and delay delivery timelines. In response, the Group is strengthening resilience by diversifying procurement sources, expanding the pool of qualified suppliers, and fostering long-term partnerships with key industry players. These measures are aimed at mitigating concentration risks and ensuring supply reliability, thereby supporting the Group's ability to meet customer needs consistently across its business segments.

Exchange Rate Risk

A sizeable portion of the Group's export sales is denominated in USD, exposing earnings to movements in the USD–Malaysian Ringgit exchange rate. Currency volatility may affect reported revenue and profitability. To manage this exposure, the Group actively tracks exchange rate developments and applies hedging instruments, such as forward exchange contracts, where appropriate. In addition, the presence of a natural hedge from USD-based revenues and costs provides some protection against sharp fluctuations. The Group will continue to exercise caution in balancing these measures to safeguard financial performance against undue currency swings.

... Management Discussion and Analysis

ANTICIPATED AND KNOWN RISKS (CONT'D)

Operational Disruptions

Uninterrupted production is vital to Kobay's operations, as unexpected shutdowns could materially affect performance. To safeguard continuity, the Group has adopted measures including insurance policies to protect our assets and our employees from various risks and uncertainties such as fire, theft, and accidents. However, external events beyond our control, such as natural disasters, civil unrest, and labour strikes, may still disrupt production schedules and timely deliveries to clients.

OUTLOOK AND PROSPECTS

Global growth is anticipated to stay moderate over the near term. According to the IMF, global GDP is projected to grow by 3.0% in 2025 and 3.1% in 2026, slightly easing from the estimated 3.2% in 2024. This tempered outlook mirrors prevailing uncertainties, including ongoing trade policy frictions such as reciprocal tariffs introduced by the US, which have disrupted supply chains and weighed on business sentiment.

Reflecting these global developments, BNM revised its domestic growth projection for 2025 to a range of 4.0% to 4.8%, compared with its earlier estimate of 4.5% to 5.5%. Despite this moderation, Malaysia continues to demonstrate resilience in attracting foreign direct investment ("FDI"). In 2024, the country secured RM51.5 billion in FDI inflows, a 33.4% increase YoY from RM38.6 billion in 2023. Looking ahead, investment activity is expected to be supported by the 13th Malaysia Plan ("13MP"), which earmarks RM430 billion for development expenditure. These initiatives are designed to reinforce long-term economic sustainability, enhance industrial competitiveness, and catalyse high-value investment opportunities with multiplier effects across diverse sectors.

Manufacturing

The global manufacturing landscape is expected to benefit from cyclical and structural growth drivers over the next two years. In the semiconductor industry, the World Semiconductor Trade Statistics ("WSTS") projects global sales to increase by about 15.4% in 2025 to USD728 billion, followed by a further 9.9% growth in 2026 to nearly USD800 billion, with memory leading the rebound alongside sustained demand for logic and analogue chips.

Complementing this, SEMI forecasts semiconductor equipment sales to reach USD125.5 billion in 2025, supported by strong test equipment demand and recovering assembly and packaging activities. Additionally, broader industry growth is expected to be sustained by artificial intelligence, high-performance computing, advanced memory, and efforts to strengthen supply chain resilience across regions.

Beyond semiconductors, the aerospace sector is set to provide steady momentum, with the International Air Transport Association ("IATA") expecting global passenger traffic to grow by 5.8% in 2025, sustaining demand for commercial aircraft production and maintenance, repair, and overhaul services.

Meanwhile, renewable energy continues to anchor long-term manufacturing demand. According to the International Energy Agency ("IEA"), solar photovoltaic ("PV") and wind generation are forecast to expand strongly in 2025 and 2026, with renewables-based generation expected to overtake coal as the largest global power source by 2026. These developments are poised to drive robust requirements for transformers, switchgear, inverters, and power semiconductors, presenting new opportunities for manufacturers aligned with the energy transition.

Property Development

Malaysia's property sector is anticipated to see steady growth through 2025–2026, supported by resilient residential demand, an increase in project launches, and improved infrastructure connectivity.

According to the National Property Information Centre ("NAPIC"), property transaction values in 2024 climbed 18% to RM232.3 billion, the highest in a decade, while volumes increased 5.4% to 420,535 transactions. Sales of new residential units also surged 37% to 75,784 units, reflecting stronger market confidence and government measures to enhance housing accessibility and affordability.

In the first half of 2025, transaction activity remained healthy, with 196,232 transactions worth RM107.7 billion, driven by ongoing launches and sustained construction. Residential properties, particularly landed units, continue to be the key demand driver, influenced by affordability factors, continued urbanisation, and selective appetite for high-end developments. The outlook is further reinforced by infrastructure investment, policy initiatives encouraging sustainable community-centric townships, and the consistent absorption of mid-market housing.

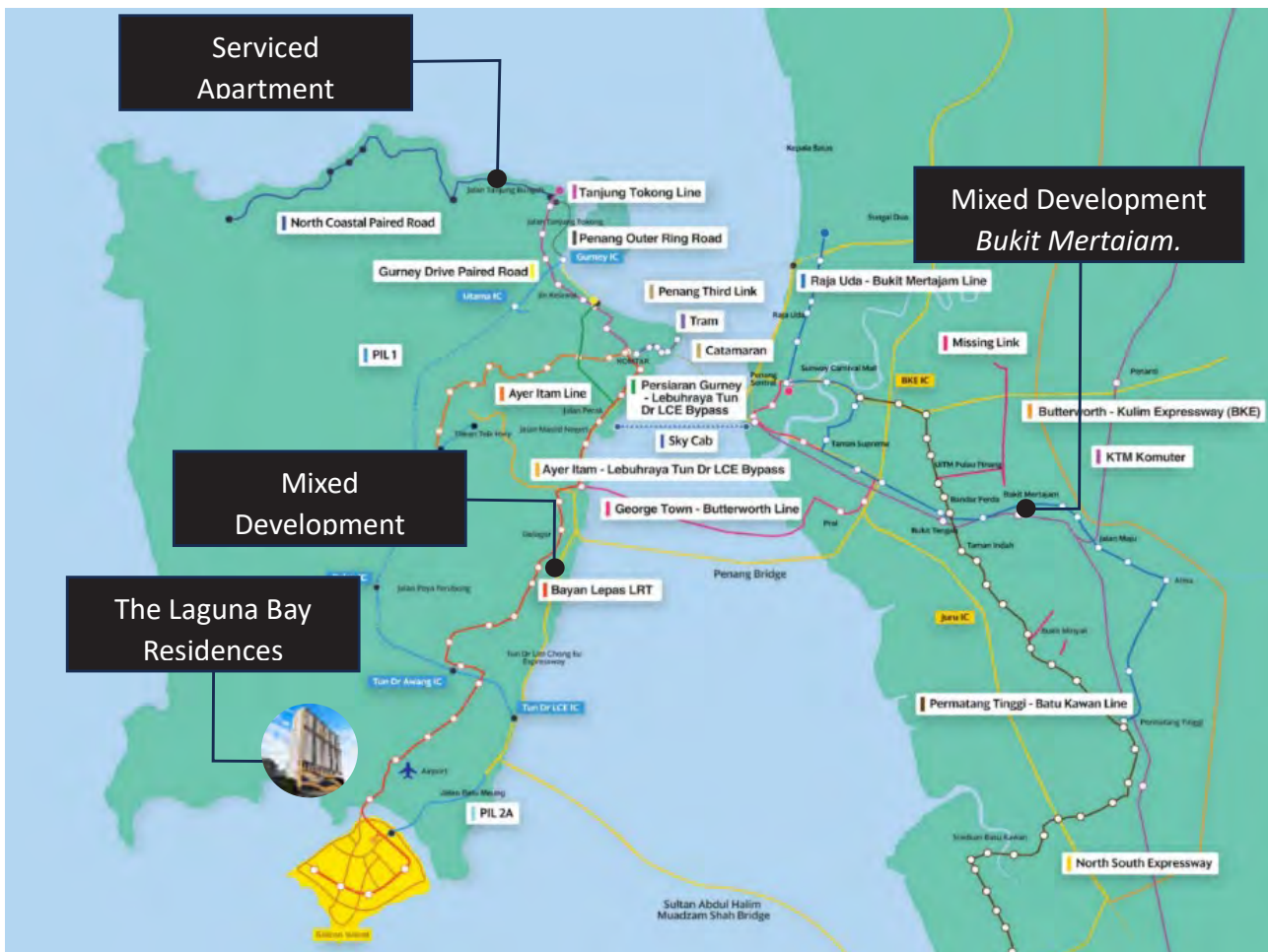
... Management Discussion and Analysis

OUTLOOK AND PROSPECTS (CONT'D)

Property Development (Cont'd)

Moving forward, government support continues to play an important role in sustaining momentum. The 13MP places emphasis on housing, with a target of building one million affordable homes between 2026 and 2035, particularly for the low- and middle-income segments. Complementary initiatives such as the Program Residensi Rakyat ("PRR") and Projek Rumah Mesra Rakyat ("RMR"), together with ongoing infrastructure development, are set to catalyse construction activity and broaden homeownership opportunities.

At the same time, challenges persist, as rising construction costs and the expansion of the Sales and Service Tax ("SST"), effective 1 July 2025, could affect pricing strategies and temper buyer sentiment. Broader macroeconomic uncertainties and global growth risks also contribute to a more cautious industry backdrop.



Mapping Kobay's Developments Against the Penang Transport Master Plan

Within this landscape, Penang continues to emerge as a prominent growth hub, driven by major infrastructure projects and state-led development initiatives. The Penang Transport Master Plan, including the upcoming Light Rail Transit ("LRT") line and the Pan Island Link ("PIL1" and "PIL2A"), together with the Three Major Roads and Third Link ("PMRT") projects, are expected to ease congestion and improve connectivity across the island and to Seberang Perai, thereby enhancing property values near key transport corridors. Meanwhile, large-scale projects such as the Penang South Islands reclamation ("Silicon Island"), with about 80 hectares already reclaimed, are set to create new opportunities for industrial, commercial, and residential growth.

Moving forward, the property development division will maintain a cautious approach, with new product launches strategically timed and tailored to evolving buyer preferences to ensure responsiveness to market demand while prudently managing associated risks.

... Management Discussion and Analysis

OUTLOOK AND PROSPECTS (CONT'D)

Pharmaceutical & Healthcare

Malaysia's health and pharmaceutical industry is projected to expand steadily towards 2026, supported by an ageing population, increasing disposable income, rising prevalence of chronic diseases, and proactive behaviour that favours prevention over cure. Lifestyle changes and urbanisation are also contributing to the increased incidence of non-communicable diseases, further driving demand for pharmaceuticals and healthcare services.

Government policy under the New Industrial Master Plan ("NIMP") 2030 positions pharmaceuticals and life sciences as a priority sector, emphasising branded generics, biopharma technologies, and halal-certified products. Regulatory reforms, coupled with investment incentives and foreign direct investment, are expected to strengthen local manufacturing and enhance competitiveness in regional markets.

Innovation in specialty medicines, biologics, and biosimilars, alongside the adoption of digital health solutions and telemedicine, is anticipated to broaden industry opportunities. At the same time, Malaysia's growing role in medical tourism and rising consumer health awareness are set to support sustained demand. Industry research, including forecasts from Verified Market Research, points to strong growth momentum, with Malaysia well placed to capture both domestic and regional opportunities.

The Group's focus will be on broadening its portfolio, pursuing high-margin niche products, and driving cost efficiency, while strengthening digital marketing and customer engagement to reinforce brand positioning and sustain long-term growth.

APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to all members of the Kobay team for their dedication and hard work during a year marked by both challenges and opportunities. Your collective efforts have been invaluable in sustaining the Group's progress.

We would also like to express our gratitude to our valued stakeholders, including customers, business partners, financiers, regulators, and shareholders, for their continued confidence and guidance, which remain vital to the Group's growth journey.

The Board records its appreciation to Miss Lee Kooi Hoon, who retired as an Independent Non-Executive Director on 19 March 2025, for her invaluable contributions. We are deeply grateful for her commitment and insights, and we wish her the very best in her future endeavours.

On even day, we welcomed Miss Lim Siew Wee and Miss Koay Pei Feng as Independent Non-Executive Directors. We are confident that their expertise and fresh perspectives will add strength and diversity to the Board and help steer the Group's next phase of development.

Finally, I would like to thank my fellow Directors for their counsel and support throughout FY2025. Their stewardship has been instrumental in guiding the Group as we navigate an evolving operating environment and strengthen our foundation for sustainable growth. This spirit of resilience and collaboration underscores our commitment to delivering value under the banner "Your Technical Needs, Our Expertise."

Dato' Seri Koay Hean Eng

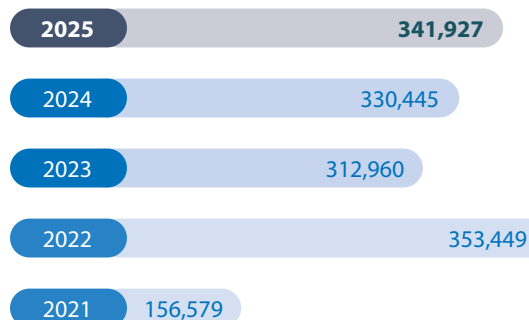
Managing Director and Chief Executive Officer

Financial Highlights

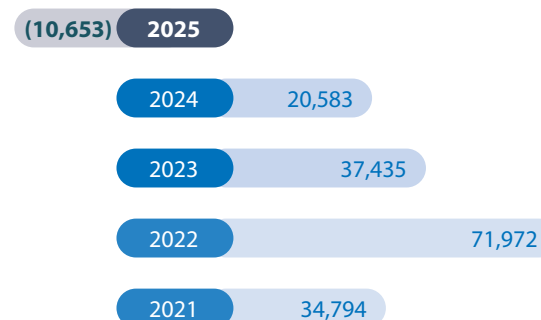
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Statement of Comprehensive Income					
Revenue	156,579	353,449	312,960	330,445	341,927
EBITDA	42,624	85,002	53,128	44,562	19,762
(Loss)/Profit before tax	34,794	71,972	37,435	20,583	(10,653)
(Loss)/Profit after tax	26,344	52,180	25,000	11,078	(19,917)
Net (Loss)/Profit attributable to equity holders	26,172	50,666	25,918	13,674	(15,176)
Statement of Financial Position					
Total Assets	307,436	580,934	574,272	610,189	621,808
Total Borrowings	41,041	68,565	95,784	115,939	141,209
Equity attributable to owners of the Company	204,918	358,069	374,382	374,530	359,354
Financial Indicators					
(Loss)/Earning per share (sen)	8.57	16.23	8.09	4.27	(4.74)
Gearing ratio (%)	20.03	19.15	25.58	30.96	39.30
Net assets per share (RM)	0.68	1.16	1.21	1.22	1.15
Net dividend per share (sen)	2.00	3.00	2.00	-	-
Share price as at the financial year end (RM)	2.70	2.96	1.90	2.14	1.25
Price earning (PE) ratio as at financial year end (times)	31.50	18.23	23.47	50.12	(26.37)
Weighted average number of ordinary shares in issue	305,361	312,112	320,181	320,181	320,181

Certain comparative figures for FY2021 to FY2024 have been restated to reflect the prior year adjustments, as detailed in Note 37 to the financial report.

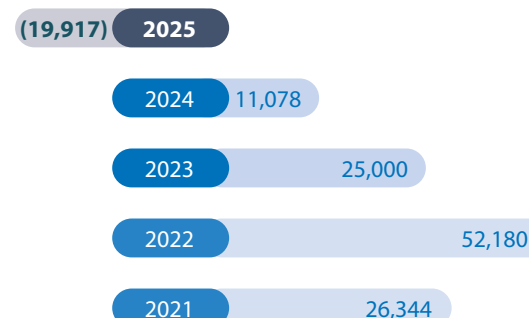
REVENUE (RM'000)



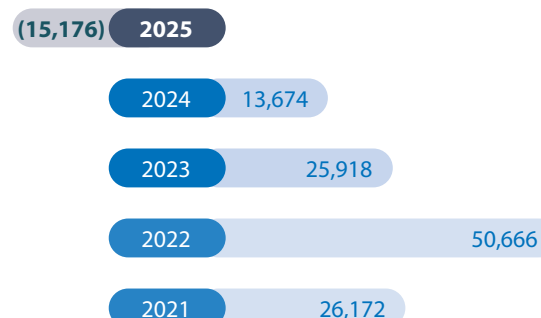
(LOSS)/PROFIT BEFORE TAX (RM'000)



(LOSS)/PROFIT AFTER TAX (RM'000)



NET (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



Our Board and Management

BOARD OF DIRECTORS

Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil

Malaysian, aged 62, Female

Chairman/Independent and Non-executive Director

Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil has 25 years experiences in the real-estate industry. She has held leadership roles in a few companies of which she recruited and managed the sales team. During this time, she has built a reputation for operational excellence, recruiting high achieving sales teams, with the highest level of integrity, a deep and passionate commitment to the companies, their staffs and their local and international clients.

She began her career in 2008 with Reapfield Properties as a rookie negotiator and rose to become the Head of Sales in 2012, where she successfully brought reputable developers into the company. In 2015, she was appointed Vice President of the Property & Investment Division at JB Jurunilai Bersekutu Sdn. Bhd., a well-known property valuation firm. Her role focused on establishing and branding the firm's real estate division. She was responsible for overseeing all real estate operations, managing profit and loss, and ensuring effective risk management, compliance, and business controls. In 2017, she joined City Two Property, where she continued to deliver significant revenue growth by applying the same expertise.

Puan Sharifah Faridah was appointed as Director and Chairman to the Board of Kobay on 11 January 2021.

Beyond her corporate roles, she is actively involved in non-profit initiatives, notably with MERCY Malaysia since its inception in 1999, serving as Chief Editor, and with Asiaworks Foundation, where she was President from year 2006 to 2008. Her passion for arts and culture led her to co-organise an art exhibition with Soka Gakkai, a Japanese organisation, to showcase Malaysian emerging and established artists. Proceeds from the exhibition were used to fund skill-based training for underprivileged communities. Under her leadership, Asiaworks Foundation attained tax-deductible status under Section 44(6) of the Income Tax Act 1967 and gained widespread media coverage across television, radio, and print. She is currently serving as Secretary to a stratified management committee.

Puan Sharifah Faridah received her early education at Convent Bukit Nanas, and later pursued further studies at Wartburg College and Kent State University. She also holds LIAM and PIAM certifications in insurance.

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

In accordance with Article 101 of the Company's Constitution, she is subject to retirement by rotation at the forthcoming Annual General Meeting and, being eligible, has offered herself for re-election.

As at 30 September 2025, Puan Sharifah Faridah does not hold any direct or indirect shareholding in Kobay.

Dato' Seri Koay Hean Eng

Malaysian, aged 67, Male

Managing Director/Chief Executive Officer/Member of Executive Committee

Dato' Seri Koay Hean Eng's role at Kobay Technology Bhd. is crucial for the company's growth and governance. As the Group CEO and Managing Director, his responsibilities span both strategic leadership and operational management. Appointed as Director since 17 September 1994, he has a long history with the company, indicating his deep understanding of its dynamics and goals. His position involves steering the company's strategic direction, fostering business and corporate development, and ensuring effective communication between the Board and management. This role is essential for maintaining the company's governance standards and driving its overall success.

As a co-founder of Kobay Group, Dato' Seri Koay Hean Eng has leveraged his vocational education and over 40 years of extensive experience in the high precision engineering industry. His expertise encompasses a broad spectrum of services, including high precision tooling, die and mold, fixtures and fittings and automated machines, all of which are essential to the semiconductor industry. His deep passion and technical knowledge have been instrumental in driving the growth and success of Kobay Group throughout the years.

Dato' Seri Koay Hean Eng also has significant experience in property development. Under his leadership and management, he has overseen a range of property projects, including residential apartments, landed properties, and commercial developments across various parts of Penang. His extensive background in property development was instrumental in the Group's strategic diversification into this sector in 2013.

He does not hold any directorship in other public companies nor listed issuers.

As at 30 September 2025, Dato' Seri Koay Hean Eng has no direct shareholding in Kobay, but is deemed to have indirect interests of 119,320,084 ordinary shares, held via Kobay Holdings Sdn. Bhd. and GXR Capital Sdn. Bhd., by virtue of his substantial direct interest in Kobay Holdings Sdn. Bhd. a major shareholder of Kobay and GXR Capital Sdn. Bhd.

... Our Board and Management

BOARD OF DIRECTORS (CONT'D)

Koay Cheng Lye

Malaysian, aged 77, Male

Non-Independent and Non-executive Director/Chairman of Remuneration Committee Meeting/ Member of Audit and Risk Management Committee/ Member of Nominating Committee

Mr. Koay Cheng Lye is a co-founder of the Kobay Group and was appointed to the Board on 17 September 1994 as an Executive Director. He served as Executive Director, Chief Administrative Officer, and a member of the Executive Committee until 30 June 2024. Following his relinquishment of executive duties on that date, he was redesignated as a Non-Independent Non-Executive Director, effective 1 July 2024.

Mr. Koay holds a degree in Mathematics from National Taiwan University. He brings with him over 30 years of experience in the high-precision engineering and semiconductor industries. He also possesses extensive knowledge of the Kobay Group's operations, particularly in administrative functions and management information systems.

In addition to his engineering and semiconductor background, Mr. Koay has more than 25 years of experience in the property development sector, contributing valuable insight and expertise to the Group's diversified business interests.

Mr. Koay does not hold directorships in any other public companies or listed issuers.

As of 30 September 2025, Mr. Koay Cheng Lye has indirect shareholdings of 14,783,507 ordinary shares in Kobay, via Inna Capital Sdn. Bhd., a shareholder of the Company.

Koay Zee Ee

Malaysian, aged 38, Male

Executive Director

Chief Operating Officer – Engineering, Mechatronic and Contract Manufacturing Division/Member of Executive Committee

Mr. Koay Zee Ee embarked on his professional journey as a management trainee at Kobay Group in February 2006 after completing the South Australian Matriculation in Disted College. He progressed through the ranks and was appointed General Manager at Bend Weld Engineering Sdn. Bhd., a wholly owned subsidiary of Kobay, where he led and managing the business unit specialising in the manufacturing of equipments and structures for the subsea oil and gas sector, a role he held for ten years.

In 2016, he returned to the holding company as Personal Assistant to the CEO. With Kobay's expansion into property development, he was entrusted with the role of Chief Operating Officer ("COO") on 18 August 2017, overseeing the Property Development Division and Engineering & Fabrication Division. Effective 1 July 2024, his portfolio was realigned, and he now serves as COO of the Engineering, Mechatronic and Contract Manufacturing Division.

Mr. Koay was appointed to the Board of Kobay Technology Bhd. on 8 September 2023.

Other than his directorships in the subsidiaries within the Engineering, Mechatronic and Contract Manufacturing Division and the Pharmaceutical Division of Kobay, he does not hold any directorships in other public companies or listed issuers.

As at 30 September 2025, Mr. Koay Zee Ee does not hold any direct shares in Kobay. However, he is deemed to have an indirect interest of 119,320,084 ordinary shares held through Kobay Holdings Sdn. Bhd. and GXR Capital Sdn. Bhd., by virtue of his direct shareholding in Kobay Holdings Sdn. Bhd. and GXR Capital Sdn. Bhd. and his indirect interest via Dato' Seri Koay Hean Eng.

... Our Board and Management

BOARD OF DIRECTORS (CONT'D)

Koay Wooi Seong D.J.N.

Malaysian, aged 52, Male

Executive Director

Chief Operating Officer – Property Development and Hospitality Management Division/

Member of Executive Committee

Mr. Koay Wooi Seong joined the Board of Kobay on 11 March 2022 as a Non-Independent Non-executive Director. He was later redesignated as a Non-Independent Executive Director following his appointment as Executive Director and a member of Executive Committee on 1 July 2024.

Mr. Koay Wooi Seong started his career with Polytool Engineering Sdn. Bhd. as Sales Executive in year 1992 after graduated from high school and obtained his Sijil Pelajaran Malaysia. Polytool Engineering Sdn. Bhd. is now known as Kobay Assets Sdn. Bhd., a wholly owned subsidiary of Kobay Technology Bhd.

In year 1997, he changed his career path from manufacturing industry to property development industry. In year 1998, he was appointed to the Board of Kobay Properties Sdn. Bhd., Kobay Realty Sdn. Bhd. and Kobay Development Sdn. Bhd.. As an Executive Director of Kobay Development Sdn. Bhd., an established Property Development & Property Investment holding company, he has led several projects undertaken by the Company in Penang state ranging from residential to commercial products. During the same period in 2002, he was also appointed as Managing Director of Pembinaan Sendanas Sdn Bhd., a well-established company possessed license from Construction Industry Development Board (CIDB) expert in the construction of building and civil work.

He has more than 25 years extensive experiences in the property development & construction management industry. Throughout those years, he has shed his sweat and blood in numerous development & construction projects where his experience in this field is highly regarded and recognized amongst the peers.

Mr. Koay received the prestigious Darjah Johan Negeri (D.J.N.) award from the Governor of Penang in July 2025, for his meritorious service to the state of Penang.

Saved for his directorship in the subsidiary companies in Property Development and Hospitality Management Division of Kobay, he has no other directorship in any public company and listed issuer.

As at 30 September 2025, Mr. Koay Wooi Seong has indirect shareholding of 12,698,894 ordinary shares in Kobay, via Premiergrow Capital Sdn. Bhd., a shareholder of the Company.

Lim Siew Wee

Malaysian, aged 51, Female

Senior Independent Non-executive Director/Chairman of Audit and Risk Management Committee/Member of Remuneration Committee/Member of Nominating Committee

Ms. Lim Siew Wee was appointed to the Board of Kobay Technology Bhd. as an Independent Non-executive Director on 19 March 2025. On the same day, she also appointed as Senior Independent Non-executive Director, Chairman of Audit and Risk Management Committee, member of Remuneration Committee and Nominating Committee.

She began her career with the Audit Division at KPMG in 2001, managing a portfolio of clients involved in manufacturing, investment holdings, property and construction.

She subsequently transitioned to the Internal Audit Division at KPMG, focusing on risk management, internal audit, and corporate governance. In 2003, she joined a merchant bank, where she gained experience in corporate advisory and related services, including private placements, initial public offerings, corporate valuations and corporate restructuring. She is currently involved in overseeing the family's property development business.

Ms. Lim Siew Wee is subject to retirement by rotation under Article 100 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered herself for re-election.

Ms. Lim also serves as a director of See Hup Consolidated Berhad, a company listed on Bursa Malaysia. Apart from this, she does not hold any directorships in other public companies or listed issuers.

As at 30 September 2025, Ms. Lim does not hold any direct or indirect shareholding in Kobay.

... Our Board and Management

BOARD OF DIRECTORS (CONT'D)

Koay Pei Feng

Malaysian, aged 47, Female

Independent Non-executive Director/Member of Audit and Risk Management Committee/Member of Remuneration Committee/Chairman of Nominating Committee

Ms Koay Pei Feng was appointed to the Board of Kobay Technology Bhd as an Independent Non-Executive Director on 19 March 2025. Concurrently, she was also appointed as a member of the Audit and Risk Management Committee, Remuneration Committee, and Nominating Committee.

She began her career at an audit firm, where she conducted audits of financial systems, analyzed financial statements, identified discrepancies, and ensured compliance with audit standards and accounting principles. She also gained experience in corporate taxation, including computing and filing taxes for companies under her portfolio.

Subsequently, she was involved in property sales, buyer services, as well as the management and maintenance of property projects. She later provided comprehensive accounting and financial services to various companies, overseeing their financial matters. In addition, she liaised with relevant authorities to ensure compliance with accounting, financial, and tax regulations, and occasionally assisted with payroll functions.

With over 19 years of experience in accounting, finance, and auditing, she has developed extensive expertise in the relevant rules and legal requirements. Her extensive professional background and independent perspective enable her to contribute meaningfully to the Board of Kobay.

Ms. Koay Pei Feng is subject to retirement by rotation under Article 100 of the Company's Constitution at the forthcoming Annual General Meeting and being eligible, has offered herself for re-election.

Ms. Koay does not hold directorships in any other public companies or listed issuers.

As of 30 September 2025, Ms. Koay Pei Feng has direct shareholdings of 240,650 ordinary shares in Kobay.



... Our Board and Management

KEY SENIOR MANAGEMENT

Koay Wooi Tatt

Malaysian, aged 48, Male

Chief Operating Officer – Manufacturing Division (Precision Aerospace & Components, Extrusion and Surface Treatment) /Member of Executive Committee

Mr. Koay Wooi Tatt was appointed Chief Operating Officer of Kobay Technology Bhd. on 10 October 2016. He oversees the overall operations of the Manufacturing Division, which includes precision aerospace components, extrusion, and surface treatment.

He holds a Diploma in Mechanical Engineering from the German-Malaysian Institute, obtained in 1999. Prior to joining Kobay, he served as a Design Engineer at Hup Fatt Brothers Sdn. Bhd. He joined Paradigm Metal Industries Sdn. Bhd., a subsidiary of Kobay, on 2 May 2003 as Functional Manager and was promoted to General Manager in 2004. His extensive experience across various roles within the Group has provided him with a comprehensive understanding of Kobay's operational systems and business practices.

Other than his directorships in subsidiary companies within the Manufacturing Division, he does not hold any directorship in Kobay or any other public company and listed issuer.

As at 30 September 2025, he has an indirect interest in 12,281,694 ordinary shares in Kobay through Premiergrow Capital Sdn. Bhd., a shareholder of the Company.

Yee San Khien, Philip

Malaysian, aged 71, Male

VP - Corporate Planning/Finance

Mr. Philip has vast experience in commercial banking where he served 22 years in the banking industry. He started his career in 1978 as a Junior Officer at a local bank. He advanced to the Treasury Department in 1981, serving as Correspondent Banking Officer and Dealer in Money Market and Foreign Exchange, before being appointed Chief Dealer from 1983 to 1989. He later served as Senior Manager in Branch Operations from 1989 until his departure in 2001.

He joined Kobay Technology Bhd. in October 2001 as Corporate Manager, where he was responsible for corporate control, restructuring, and mergers and acquisitions. He last served as Vice President – Commercial before retiring in August 2013.

From October 2013 to September 2019, Mr. Philip was engaged as Chief Financial Officer of a fintech company providing e-payment gateway and remittance services regulated by Bank Negara Malaysia.

In January 2020, he rejoined Kobay as Vice President – Investment, overseeing strategic investments and acquisition analysis. In July 2020, he took on additional responsibilities in finance and treasury management for the Group.

Mr. Philip holds a Higher Diploma in Accounting, a Certificate in Commercial Law, and a Master of Business Administration from the University of Portsmouth, United Kingdom.

Save for his directorships in Kobay's subsidiary companies, he does not hold any directorship in Kobay or any other public company and listed issuer.

Mr. Philip has direct shareholding of 22,500 ordinary shares in Kobay as of 30 September 2025.

... Our Board and Management

KEY SENIOR MANAGEMENT (CONT'D)

Chan Mun Shee

Malaysian, aged 60, Female

VP - Corporate Governance and Investor Relation, Corporate Secretary

Ms. Chan Mun Shee currently serves as Vice President Corporate Governance and Investor Relations and heads the Corporate Secretarial functions at Kobay Technology Bhd. She brings over three decades of extensive experience across corporate governance, investment portfolio management, and operational administration.

Ms. Chan began her career with Polytool Engineering Sdn Bhd (now known as Kobay Assets Sdn Bhd), a wholly owned subsidiary of Kobay, in 1990 as an Office Administrator, where she was responsible for purchasing, accounting, and human resources functions. In alignment with the Group's rapid expansion, she played a key role in the establishment of several subsidiary companies between 1990 and 1995. Her contributions were instrumental during the acquisition of a 60% equity stake in the Group by Tongkah Holdings Berhad, then a public listed company on Bursa Malaysia.

In 1996, she was promoted to Corporate Affairs Manager, reporting directly to Mr. Koay Cheng Lye, the former Chief Administrative Officer. In this role, she oversaw the Group's human resources, IT, and administrative functions, in addition to serving as Corporate Secretary of the holding company.

A pivotal figure in Kobay's listing exercise in 1997, Ms. Chan served as the Corporate Secretary during the Group's floatation. She worked closely with the Executive Directors to establish key systems, including the formulation of Human Resource policies and procedures, and contributed to the development of the Group's web-based procurement system and the initial Enterprise Resource Management System.

In 2011, she was assigned to assist the Group CEO in managing several profit-generating business segments, including F&B, asset management, and manufacturing, while continuing her responsibilities as Company Secretary for two listed entities, one of which was subsequently de-listed a year later.

Promoted to Vice President in 2019, Ms. Chan assumed broader responsibilities for the financial performance of various investment entities and now leads the Group's Investor Relations function.

She is a Fellow of The Chartered Governance Institute UK & Ireland (elevated in December 2023), having been an Associate member since 1993. In April 2024, she successfully completed the Sustainability Strategies and Green Economy Executive Programme at the Singapore Management University. She also currently serves on the Northern Region Liaison Committee of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) for the 2025/2026 term.

Save for her directorships in the subsidiary companies of Kobay, Ms. Chan does not hold any directorship in Kobay or in any other listed issuer. She serves as an Independent Non-executive Director in a public company, Golden Destinations Group Berhad.

Ms. Chan Mun Shee has direct shareholding of 18,000 ordinary shares in Kobay as of 30 September 2025.

Chan Bee Luang

Malaysian, aged 47, Female

VP - People and Organizational Development

Ms. Chan Bee Luang joined the Company in 2012 as Group HR Manager and was subsequently appointed as the VP of People and Organizational Development in year 2018. She is responsible for leading our Group HR organization and HR operational excellence in all business divisions. She has over 20 years of HR experience in manufacturing and services industries. Prior to joining Kobay, she held APAC HR Manager and Country HR Manager positions in few multinational companies.

She was graduated from University Malaya with a Bachelor of Business Administration (Honours) Degree in year 2002. She was also a graduate with Diploma in Industrial Relations awarded by the International Labour Organization (ILO)/ Malaysian Employers Federation (MEF) in year 2006. She received the global accreditation from PI Worldwide from India, a Human Resource Certification Institute (HRCI) as Predictive Index Management Practitioner in year 2008. In year 2018, she was further certified as "HR practitioner" by The Australian Human Resources Institute (AHRI) through the Professional Certification in Human Resources that set the bar for HR practice to be in line with international HR standards and confidently assures employers of her human capital capability.

She has broad regional experience in talent acquisition, talent assessment and development, performance management, compensation planning, conflict mediation and resolution, HR budgeting and reporting, HR policies development, and employment legal compliance and has a proven track record in setting up, maintaining and executing Talent and Organizational Development.

Save for her directorship in Kobay subsidiaries companies, Ms. Chan does not hold any directorship in Kobay or any other public company and listed issuer.

Ms. Chan Bee Luang has direct shareholding of 72,000 ordinary shares in Kobay as of 30 September 2025.

... Our Board and Management

OTHER INFORMATION

Family Relationship

Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye are brothers.

Mr. Koay Zee Ee, the son of Dato' Seri Koay Hean Eng, along with his father, are considered substantial shareholders of the Company through their ownership in Kobay Holdings Sdn. Bhd., a major shareholder of the Company.

The Non-Independent Executive Director, Mr. Koay Wooi Seong, and the Chief Operating Officer for the Manufacturing Division in Precision Aerospace & Components, Extrusion, and Surface Treatment, Mr. Koay Wooi Tatt, are brothers. They are nephews of Dato' Seri Koay Hean Eng and Mr. Koay Cheng Lye.

Mr. Koay Zee Ee, Mr. Koay Wooi Seong, and Mr. Koay Wooi Tatt are cousins.

Save for the above, none of the Directors and key senior management has any family relationship with other Directors or major shareholders of the Company.

Conflict of Interest

None of the Company's Directors and key senior management has acted in conflict in any arrangement, contract or transaction during the financial year.

Conviction for Offences

None of the Company's Directors and key senior management had convicted any offence (other than traffic offences, if any) within the past five (5) years.

Number of board meetings attended in the financial year ended 30 June 2025

Five (5) board meetings were held during the financial year ended 30 June 2025. Details of attendance of Directors at the board meetings are as follows:

Directors	Attendance
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	5/5
Dato' Seri Koay Hean Eng	4/5
Koay Zee Ee	4/5
Koay Cheng Lye	5/5
Koay Wooi Seong	5/5
Lee Kooi Hoon (resigned w.e.f 19 March 2025)	4/5
Lim Siew Wee (appointed w.e.f. 19 March 2025)	1/5
Koay Pei Feng (appointed w.e.f. 19 March 2025)	1/5

... Our Board and Management

OTHER INFORMATION (CONT'D)

Directors' and Substantial Shareholders' Interests

Name	No. of shares held in Kobay as at 30 September 2025			
	Direct No. of ordinary shares	%	Indirect No. of ordinary shares	%
Directors				
Dato' Seri Koay Hean Eng	-	-	119,320,084 *	37.27
Koay Cheng Lye	-	-	14,783,507#	4.62
Koay Zee Ee	-	-	119,320,084 *	37.27
Koay Wooi Seong	-	-	12,698,894@	3.97
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	-	-	-	-
Lim Siew Wee	-	-	-	-
Koay Pei Feng	240,650	0.08	-	-
Substantial Shareholders				
Kobay Holdings Sdn. Bhd. ("KHSB")	113,333,940	35.40	-	-
Norinv Kapital Sdn. Bhd.	59,714,100	18.65	-	-

Notes:-

The percentage of shareholding is calculated based on 320,180,803 excluding 6,000,000 treasury shares from the fully issued share capital of Kobay as per Record of Depositors as at 30 September 2025.

* Deemed interest by virtue of shares held by KHSB and GXR Capital Sdn. Bhd. in which the director has interest

By virtue of their interest in the shares in Kobay Holdings Sdn. Bhd. and GXR Capital Sdn. Bhd., Dato' Seri Koay Hean Eng and Koay Zee Ee are deemed to have interests in the shares in Kobay/the Company and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Deemed interest by virtue of shares held by Inna Capital Sdn. Bhd. in which the director has interest

By virtue of his interest in the shares in Inna Capital Sdn. Bhd. Mr. Koay Cheng Lye is deemed to have interests in shares in Kobay/the Company pursuant to Section 8 of the Companies Act 2016.

@ Deemed interest by virtue of shares held by Premiergrow Capital Sdn. Bhd. in which the director has interest

By virtue of his interest in the shares in Premiergrow Capital Sdn. Bhd., Mr. Koay Wooi Seong is deemed to have interest in shares in Kobay/the Company.

Save as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations.

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS ("the Board") OF KOBAY TECHNOLOGY BHD. ("KOBAY" OR "THE COMPANY") RECOGNISES THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE ADOPTS THE CARE (COMPREHEND, APPLY AND REPORT) APPROACH AND IS COMMITTED TO ENSURING THAT THE PRINCIPLES AND BEST PRACTICES IN CORPORATE GOVERNANCE AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG") ARE OBSERVED AND PRACTISED THROUGHOUT THE COMPANY AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO AS "THE GROUP") IN THE FINANCIAL YEAR ENDED 30 JUNE 2025 SO THAT THE AFFAIRS OF THE GROUP ARE CONDUCTED WITH INTEGRITY AND PROFESSIONALISM WITH THE OBJECTIVE OF SAFEGUARDING SHAREHOLDERS' INVESTMENT AND ULTIMATELY ENHANCING SHAREHOLDERS' VALUE.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG and the Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years:-

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

In making this Corporate Governance ("CG") Overview Statement, the Company is guided by Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") and the CG Guide (4th edition) issued by Bursa Malaysia Berhad. This statement provides an overview of the Company's application of the three principles set out in the MCCG and is to be read together with a CG Report, which is available on the Company's website, www.kobaytech.com, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is accountable and responsible for the performance and affairs of the Group by overseeing and appraising the Group's strategies, policies and performance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has established a Board Charter to promote high standards of corporate governance and is designed for providing the guidance and clarity for the Directors and Management with regards to the roles, functions, composition, operation and processes of the Board, having regard to the principles of good corporate governance and requirements of Main Market of Bursa Securities. The Board Charter further defines the matters that are reserved for the Board and its Committees as well as the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is reviewed from time to time by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives. The Board Charter is published on the Company's website at www.kobaytech.com.

The Company has implemented a Code of Conduct and Ethics aimed at fostering a strong corporate culture grounded in ethical behavior and integrity across the Group. This Code is founded on key principles including sincerity, integrity, accountability, and corporate social responsibility. The Board remains committed to cultivating an environment where ethical conduct is embedded in the Group's day-to-day operations. These values guide the Group's interactions with employees, customers, suppliers, and business partners. All Directors, officers, and employees are expected to uphold the highest standards of integrity in discharging their duties, and to comply with applicable laws, regulations, and the Group's internal policies. To reinforce this commitment, the Group provides continuous training on the Code of Conduct and Ethics, as well as general workplace behavior, to ensure all personnel maintain ethical and professional standards in the performance of their responsibilities.

The Board is provided guidance on disclosure of conflict of interest and other disclosure information/requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be interested or conflicted. A copy of the Code of Conduct and Ethics can be found in the Company's website at www.kobaytech.com.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

As part of the Board's commitment to upholding high standards of corporate governance, the Company is dedicated to conducting its business with integrity, transparency, and accountability. The Company strives to maintain an ethical and responsible working environment across all levels of the Group. In line with these values, the Company has established a Whistleblowing Policy to provide a secure and confidential avenue for employees and members of the public to report any suspected misconduct, unethical behavior, or irregularities within the Group. The Policy assures whistleblowers that their identities will be kept confidential and that they will be protected from any form of retaliation or victimisation. The Policy outlines clear procedures on how, when, and to whom a report may be made, ensuring that concerns are raised responsibly and handled appropriately. All disclosures must be submitted in writing and forwarded in a sealed envelope to either the Managing Director or the Chairman of the Audit Committee for further review and action. The Whistleblowing Policy and Procedures can be found on the Company's website at www.kobaytech.com.

Further to the updated MCCG, the Board is required to integrate sustainability considerations and underlying environmental, social and governance (ESG) risks and opportunities into its corporate strategy, governance and decision-making functions to create a durable and sustainable value in adapting to shift and change in the global landscape as well as building and maintain confidence of the stakeholders.

Roles and Responsibilities

Position	Roles and Responsibilities
Chairman	- Providing leadership for the Board so that the Board can perform its responsibilities effectively. - Leading the Board in the adoption and implementation of good corporate governance practices in the Company. - Setting the Board agenda and ensuring that directors receive complete and accurate information in a timely manner. - Leading board meetings and discussions. - Encourage active participation and allowing dissenting views to be freely expressed. - Managing the interface between board and management. - Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.
Chief Executive Officer ("CEO")	- CEO plays a vital role in leading the entire Group's business operations towards attaining Group's vision and mission. He works along the line of Corporate Direction, Strategic Plans and Key Performance Indicators ("KPI") set which are reviewed quarterly and revised yearly for company's sustainability. - CEO is the conduit between the Board and the management in ensuring the success of the Company's governance and management functions. - CEO has the executive responsibility for the day-to-day operation of the Company's business. - CEO implements the policies, strategies and decisions adopted by the Board or if the task is so assigned, by the Executive Committee. - All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.
Independent Directors	- Independent Non-executive Directors play a protective role for minority shareholders and other stakeholders in the Group. Their effective participations promote a balance to the Board's decision. - The Audit and Risk Management Committee that consists of 2/3 of the Independent Directors played an active role in ensuring a sound internal control for minimizing the risk exposure for sustainability. - Independent Directors shall lead the Nominating Committee in succession planning, appointment of Board members as well as annual review of the individual Director, Board committees and Board performance as a whole. - For Remuneration Committee where majority is Independent Directors, it implement remuneration policies and procedures including reviewing and recommending matters relating to remuneration of the Board members and senior management.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**Roles and Responsibilities (Cont'd)**

Position	Roles and Responsibilities
Company Secretaries	- The Board is supported by two (2) qualified and competent Company Secretaries who play an important advisory role, and ensure that the Company Secretaries fulfill the function for which he/she has been appointed. - Company Secretaries are accountable to the Board through the Chairman of the Board and Committees on all governance matters. - Company Secretaries are a central source of information and advice to the Board and its Committees on corporate disclosure issues and compliance with laws, rules, procedures and regulations affecting the Company. - Company Secretaries shall manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications. - Company Secretaries shall facilitate the orientation of new Directors and assist in Director training and development. - Company Secretaries should advise Directors of their obligations to adhere to matters relating to: i) individual board member's roles and responsibilities. ii) disclosure of interest in securities. iii) disclosure of any conflict of interest in a transaction involving the Company. iv) prohibition on dealing in securities. v) restrictions on disclosure of price-sensitive information. - Company Secretaries shall monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations. - The Board members have unlimited access to the professional advice and services of the Company Secretaries. - Company Secretaries shall manage processes pertaining to the annual shareholder meeting. - Company Secretaries will serve as a focal point for stakeholders' communication and engagement on corporate governance issue.
Senior Management	To drive strategic management of material sustainability matters, integrate sustainability considerations in day-to-day company operations and ensuring effective implementation of company's sustainability strategies and plans as set by the Board and its Committee.

The roles of Chairman and Chief Executive Officer are distinct and segregated to ensure there is a balance of power and authority. The Chairman is responsible for ensuring effectiveness of Board's policies and conducts whilst the Chief Executive Officer is responsible for entire Group's operations, organisation effectiveness, overseeing as well as coordinating development and implementation of Board's policies, corporate strategies and decisions. Their duties are clearly stated in Board Charter and for the Board's conduct, it is governed by Code of Business Conduct Policy. Both the Charter and Policy can be viewed at Company's website.

Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group to enable them to discharge their duties effectively. The Directors have access to information through the following means:

- members of Senior Management attend Board and Committee meetings by invitation to report areas of the business within their responsibility including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's informal decision making and effective discharge of the Board's responsibilities;
- the Board and Committees' papers are prepared and issued to the Directors or Committee Members at least seven (7) days before the Board and Committees meetings to enable the Board or Committee Members receive the information in a timely manner; and
- the Audit Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system, financial reporting and Risk Management.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Access to Information (Cont'd)

Besides direct access to the Management, Directors can obtain independent professional advice at the Company's expense and service via Audit Committee on the implementation of Risk Management system during the year under review in accordance with established procedures set out in the Board Charter in furtherance of their duties.

The Directors also consulted the Chairman and other Board members prior to seeking any independent advice. To facilitate robust Board discussions, all Board meetings are furnished with proper agenda with due notice issued and Board papers and reports are prepared by the Company Secretary to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meeting

The Board receives regular updates and guidance from the Company Secretaries, who are suitably qualified, experienced, and well-versed in the latest statutory and regulatory developments, including their implications for the Group and the Directors in discharging their duties and responsibilities.

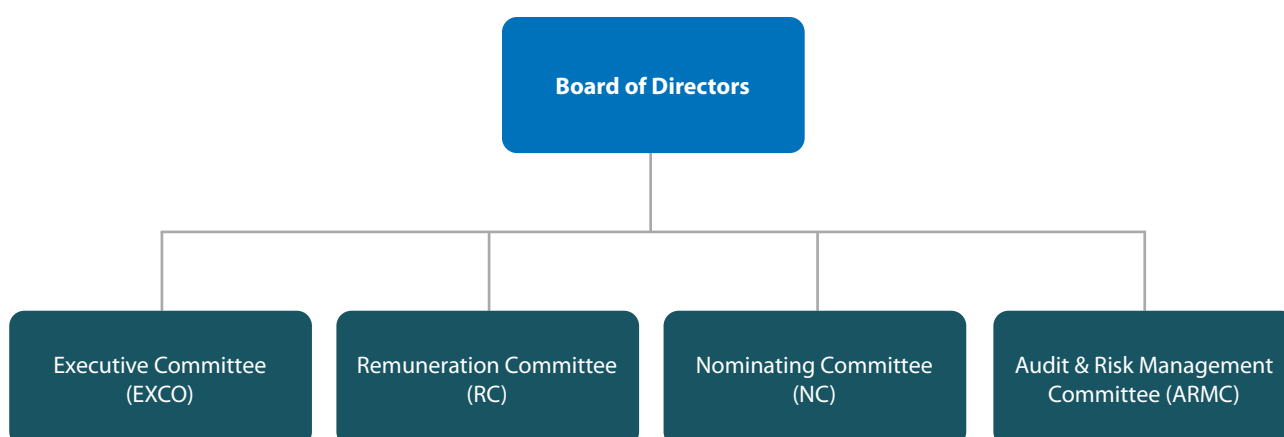
Board Meetings

There were five (5) Board meetings held in the financial year ended 30 June 2025. Management team are invited, if required, to attend the Board meetings and to report on issue raised. Board papers for the Board and its Committee Meetings are furnished to members of the meeting at least five (5) business days prior to the meeting.

No individual or group of individuals dominates the Board's decision making. Each Director contributes his/her skill, experience and expertise accordingly and each agenda/issue raised is deliberated and carefully considered during Board meeting. Documents and information in relation to any corporate or business issue to be discussed in the meeting are furnished to the Board members prior to the meeting. the Board members review updates and report inclusive of Board attendance, resolutions passed quarterly, Directors' dealing in Company's securities and directorship in other listed entities, financial information, Committees' report, risk management report, external auditors feedback and corporate developments.

Board Committees

The Board has established the following Committees and has delegated certain specific responsibilities to its Board Committees which operate within the defined Terms of Reference and report regularly to the Board :



... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Committees (Cont'd)

Committee	Scope of Responsibilities
Executive Committee (EXCO)	- Execute all matters assigned by the Board of Directors and receive and review all relevant proposal for which requires Board of Directors' approval. - Assist the Board in establishing the Corporate Vision and Mission (and revise it if deemed necessary), as well as the philosophy or corporate culture of the Company, setting aims of the management and monitoring the performance of the management. - Assist Board in maintaining and executing the operational day-to-day functions and assist the Board in monitoring the operational performance of the Company/Group and overseeing the operational formulation, implementation and governance of the Company/Group. - Receive, review and discuss with the management financial reports of the Company/Group inclusive the forecast, budget variance report. - Receive, review and approve proposals in relation to the following matters submitted by the management of the Company/Group per Authority Limit Matrix adopted by the Company/Group: - Business plan/project. - Strategic plans and goals. - Property/Project kick start plan and budget. - Capital expenditure or disposal inclusive development land. - Appointment of auditors and other advisors. - Source of finance (either internally or externally). - Any tender and order granted for Property or Project Development. - Any other corporate and business matters - Assist the Board in monitoring the risk management matter and the system of internal controls. - Assist the Board in appointment of Advisor as and when is required. - Receive, review and recommend to the Board on all legal administrative policies, organisation, by-laws, any waiver or approval for deviation from Company policies and procedures, rules and regulations. - Undertake any other functions that may be delegated by the Board from time to time.
Remuneration Committee (RC)	- To assist Board to review the level and composition of remuneration of individual Director and senior management that aligned with the business strategy and long-term objectives of the Group. - To recommend a remuneration package of Directors and senior management that in regards to the Group's operating results, individual performance and comparable market statistics. - To recommend fee paid to Non-executive Director. - To assist Board in attracting right talent into the Board and senior management to drive the Company's long-term objectives.
Nominating Committee (NC)	- To assess Directors on an on-going basis inclusive the composition of the Board, tenure, gender diversity, evaluate performance and independency of Director prior to recommendation to the Board in appointment and annual re-election of Director. - To review annually the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company's operations. - To assist Board in selecting and reviewing election of each and every Director. - To ensure senior management possessed the required skills and experience. - To ensure there are measures in place to provide for the orderly succession of Board and senior management.
Audit and Risk Management Committee (ARMC)	- To review the internal controls and risk management (financial and non-financial) periodically. - To oversee functions of auditing, financial statements, risk management and internal control, related party transactions and any other topics as may be agreed to by itself and the Board. - To assess and evaluate the suitability, objectivity and independence of the External Auditors.

The Board approves the appointment of the members and the Chairman of each Board Committee. The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board.

The Terms of Reference of the Board Committees are published on the Company's website at www.kobaytech.com. The board reviews the Terms of Reference of the Board Committees from time to time.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Main Activities of the Board and its Committees during the Financial Year

During the financial year ended 30 June 2025, main activities carried out by the Board and its Committees includes but not limited to the followings:

Main Activities
- Review the Directors' performance for financial year 2025 individually, the Board and/or its Committee as a whole. - Review the Company and Group's quarterly results of Quarter 4 financial year 2024, Quarter 1, 2 and 3 of financial year 2025 for announcement to Bursa. - Review and approve the Directors' Report and Audited Accounts for the financial year ended 30 June 2024. - Review and receive the quarterly Risk Management Reports reported by the VP-Corporate Planning/Finance and Risk Assurance Statement by CEO and VP-Corporate Planning/Finance for financial year 2025. - Receive, review and approve the semi-annual return for submission to Bursa. - Review and approve the Group Strategy Plan and KPI quarterly by EXCO. - Review and approve the Group's yearly budget by EXCO. - Receive updates on the Group's Related Party Transactions and Recurrent Related Party Transactions. - Review and report any major litigation, claims and/or issues with substantial financial impact (if any). - Review and approve for implementation of any new policies and revision of any policies and procedures of the Group by EXCO. - Review the appointment and remuneration of the new External Auditors, Messrs. Crowe Malaysia PLT. - Review and approve the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control for financial year 2024. - Review and approve Annual Report 2024. - Re-affirm the Board resolution passed every quarter. - Review the attendance of Board members and its Committees every quarter. - Review and approve the Share Buy-Back Statement and Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. - Review and approve the Circular to Shareholders in relation to Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. - Review the term of office and assess the retirement of Directors by rotation, the retention of Directors and eligibility for re-election or retention in accordance to the Company's Constitution, Listing Requirement and/or MCGG 2021. - Review the appointment of 2 new Independent Directors, approved the resignation of an Independent Director and restructuring of Board Committees. - Review and approve the Auditors' audit plan and note the audit review memorandum for financial year. - Review on the succession planning and evaluating the Board composition of the Company including appointing, resignation, retirement, redesignation, training, fixing compensation and gender diversity of the Group. - Review on the investors' communication effectiveness. - Review the adequacy and integrity of Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules and directives and guidelines. - Oversee the conduct of Company's business to evaluate whether the business is being properly managed. - Review the performance and audit fee of External Auditors, Messrs. BDO PLT. - Review the Board Composition - Directors' shareholding - Review proposal in relates to Environmental, Social and Governance related activities within the group for example investment in solar panel installation at factory sites. - Variation of utilisation of balance proceeds raised from Private Placement - Review and assess subsidiaries' banking facilities to support its operations and the provision of corporate guarantee.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition

The Board composed of three (3) Executive Directors and four (4) Non-executive Directors as of the date of this report. Out of the four (4) Non-executive Directors, three (3) are Independent Directors. The Independent Directors are from diverse professional and business backgrounds, including members with experience in finance and accounting, property development and real estate. All Directors are to discharge their fiduciary duties and responsibilities at all times.

The Board is aware of gender diversification under the best practice. Presently, the Board has three (3) women directors which form 43% of the Board. Two (2) key senior management are women who are also appointed/participated as board members in the Group's subsidiaries.

Gender diversity amongst the Board of Directors and Key Senior Management of the Company are as follow: -

	Total Headcount	Headcount	
		Male	Female
Board of Directors	7	4 (57%)	3 (43%)
Key Senior Management	4	2 (50%)	2 (50%)

The gender diversity for the Group's employees is disclosed in page 57 - 58 of Annual Report.

Details of all the Directors and Key Senior Management and their biographies are provided from page 16 - 23 under "Our Board and Management" of this Annual Report.

Commitment

The Directors are aware of the time commitment expected to attend to matters of the Company and the Group in general, including attending meetings of the Company in discharging of their roles and responsibilities. The Directors will meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance to facilitate the Directors in planning their meeting schedule for the year. The Board are provided with proposed date for the subsequent 2 meetings whereas the EXCO and senior management are provided with 18 months of meeting calendar to ease their planning ahead.

All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

The Board is satisfied with the level of commitment given by the Directors toward discharging their roles and responsibilities as Directors of the Company. For the financial year under review, none of the Directors had attended less than 50% of the Board meetings conducted.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board and its Committee Meeting Attendance for FYE2025

Name of Members	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	5/5	5/5	1/2	-
Dato' Seri Koay Hean Eng	4/5	-	-	-
Mr. Koay Zee Ee	4/5	-	-	-
Mr. Koay Wooi Seong	5/5	-	-	-
Mr. Koay Cheng Lye	5/5	5/5	2/2	1/1
Ms. Lee Kooi Hoon (resigned on 19 March 2025)	4/5	4/5	1/2	-
Ms Koay Pei Feng (appointed on 19 March 2025)	1/5	1/5	1/2	1/1
Ms. Lim Siew Wee (appointed on 19 March 2025)	1/5	1/5	1/2	1/1

EXCO meeting is held weekly to resolve day-to-day operational related matters and meeting records are kept by Company Secretaries.

Board Assessment and Annual Evaluation

The Nominating Committee ("NC") is responsible for conducting annual reviews and evaluations of the composition and performance of the Board. This includes assessing the appropriate mix of skills, experience, and core competencies of the Directors, the overall effectiveness of the Board and its Committees, as well as succession planning and boardroom diversity. The Committee also considers factors such as gender, age, ethnicity, and other relevant attributes, and oversees the training and development needs of the Directors to support effective board performance.

The evaluation process is led by the NC's Chairman and assisted by the Company Secretary via the questionnaires. Notices were sent to those Directors whom are due for retirement for them to reply whether to opt for re-election during the forthcoming AGM. Consent letter from retiring Director will be compiled and tabled in the NC meeting. The NC reviews the outcome of the assessment and recommends to the Board as well as recommends the relevant Directors for re-election at the AGM.

The principles used in the assessment of the Board and individual Directors are including the required mix of skill and experience, Board diversity, size and experience of the Board, roles and responsibilities, scope and knowledge, core competencies and contribution of each Director and overall effectiveness and efficiency in discharging their function.

The assessment and comments by Directors are summarised in the evaluation form and questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the NC meeting and reported at the Board Meeting by the Company Secretary. All assessments and evaluations carried out by the NC in the discharge of its functions are properly documented.

The Nominating Committee deliberated on the summary of Directors' responses and after conducting its meeting on 7 March 2025 & 27 August 2025 provided to the Board on assessment of board composition, resignation of Ms Lee Kooi Hoon, appointment of Ms Lim Siew Wee and Ms Koay Pei Feng, Directors' performance and for re-electing/re-appointing those Directors whom retired for approval of the members in its forthcoming AGM to be set. The said Directors' profiles are set out on page 16, 18 & 19 under "Our Board and Management" section of this Annual Report.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**Board Assessment and Annual Evaluation (Cont'd)**

The compositions of the existing Board are summarized as follow: -

Directors	Nationality	Designation	Industry/Background Experience							By Composition								
										Age					Ethnic		Gender	
			Technology	Marketing	Industrial	Corporate	Accounting/Finance	Internal Audit	Law/Legal	< 40 years	40-49 years	50 – 59 years	60 – 69 years	>70 year	Bumiputra	Chinese	Male	Female
Puan Sharifah	M	Chairman/INED		√		√							√		√			√
Dato’ Seri Koay Hean Eng	M	CEO/Managing Director	√	√	√	√							√			√	√	
Koay Zee Ee	M	ED/COO in Manufacturing Division	√	√	√	√				√						√	√	
Koay Wooi Seong	M	ED/COO in Property and Project Development		√	√	√						√				√	√	
Koay Cheng Lye	M	NED	√	√	√	√								√		√	√	
Lim Siew Wee	M	INED		√		√	√	√				√				√		√
Koay Pei Feng	M	INED		√		√	√				√					√		√

Note: M – Malaysian; ED – Executive Director; INED – Independent Non-Executive Director; NED - Non-Independent Non-Executive Director; CEO – Chief Executive Officer; COO – Chief Operating Officer

The Executive Committee and/or its representative has been delegated with the responsibility to evaluate the senior management's performance half yearly pursuant to the Group's Human Resource (HR) Policy and Procedures on the KPIs set aligned with the Group's yearly direction, strategic plan and goals set after assessing the risk and opportunities of material sustainability matters of the Group. Rewards will be given in accordance to the performance attained by each and every senior management based on the rewards allocation approved by EXCO as a whole.

Appointment and Re-election of Directors

Pursuant to the Company's Constitution, one-third (1/3) of the Directors shall retire from office by rotation at each Annual General Meeting ("AGM") and the newly appointed Directors are subject to re-election at the next AGM to be held after their appointments. Provided always that all Directors shall retire from office once at least in each three (3) years and if eligible, they can offer themselves for re-election.

Pursuant to the Companies Act 2016, there is no age limit for the Director except they have to meet all the relevant codes or regulations govern the Independent Directors and justification for retention is based on performance and contribution.

The appointment and re-election of Board members are vital process as they determine the quality of Board's capability and competency. In the event of any vacancy in the Board of Directors resulting for non-compliance under Para 15.02(1), the vacancy shall be filled within 3 months. The Nominating Committee is vested with the responsibility by the Board to review the candidates for new appointment as well as retired candidates whom eligible for re-election.

For candidates for new appointment, the NC will first scrutinise and select those candidates who can fill the skill/gap of the current Board before conducting an assessment on the capability and interact with the selected candidates before convening a meeting to finalise the selection and proposed for the Board's approval on the appointment.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Appointment and Re-election of Directors (Cont'd)

The NC reviewed the Directors' re-election to the Board on 27 August 2025. In accordance with the Company's Constitution, the following Directors are standing for retirement by rotation and subject to re-election at the forthcoming AGM:-

Name of Director	Re-election/Re-appointment	Constitution/MCCG
Ms. Koay Pei Peng	Independent and Non-executive Director	Article 100
Ms. Lim Siew Wee	Senior Independent and Non-executive Director	Article 100
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	Independent and Non-executive Director	Article 101

Board's Training and Development

Relevant training is important especially on new laws and regulations which is essential knowledge to enable the Directors to be able to contribute significantly in discharging their duties effectively. The Board has delegated the NC to continuously evaluate the training needs of the Directors.

As of the date of this report, all Directors have undergone the Mandatory Accreditation Programme Part I and new Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP) as governed by Bursa Listing Requirements except Ms. Koay Pei Feng.

The NC has formalised an orientation programme, of which included introduction of Company's background, strategic plans and directions of the Company as well as the Group for all newly appointed Directors. The Company Secretaries were assigned with the arrangement of the orientation programme to newly appointed Directors and visitation to our operational business premise should it was requested by the Director.

The Company Secretaries briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the Listing Requirements of Bursa Securities, the new requirements of MCCG and the Companies Act 2016. The following are courses and training programs attended by the Directors for the financial year ended 30 June 2025:-

Name of Director	Training Program Attended	Date
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	21-22 August 2024
Dato' Seri Koay Hean Eng	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	10-13 March 2025
Koay Cheng Lye	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	27-28 November 2024
Koay Zee Ee	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	4-5 December 2024
Koay Wooi Seong	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	21-22 August 2024
Lim Siew Wee	Mandatory Accreditation Programme (MAP)	16-17 October 2024
	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	10-13 March 2025
Koay Pei Feng	Mandatory Accreditation Programme (MAP)	9-10 June 2025

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration

The Remuneration Committee ("RC") shall recommend the appropriate level of the Director's and Senior Management's remuneration package inclusive benefits in-kind besides matching with the seniority, responsibilities, merits, qualification and competence and expertise of an individual during the recruitment and/or periodically performance evaluation while having regard to the Company's operating results, individual performance and comparable market statistic. The RC shall also take into consideration of the individual's performance alignment with the Group's Strategic Goals and Key Performance Indices set under each individual's role and task assigned. A well-structured remuneration package that clearly linked to the strategic objective of a company and rewards contribution to the long-term success of the Company is to ensure that the Group able to attract, engage and retain the right talent and to motivate them to drive and promote business sustainability and growth.

The RC will review the Director's remuneration package inclusive benefits in-kind to align with business strategy and long-term objective of the Group besides matching with seniority, responsibility and expertise of an individual during recruitment and/or periodically performance evaluation as set out in Group Human Resource (HR) Policies and Procedures.

The performance evaluation interval for employees of which inclusive Executive Directors is half-yearly in accordance with Group HR Policies and Procedures. For remuneration package, the Committee will review yearly Executive Directors' fiducially duties as Directors as well as KPI set in achieving Group's long-term strategic sustainability plans. The Committee's recommendation will be tabled to the Board and execution by EXCO with the aim to "attract and retain" committed and performed Executive Directors to drive the Group. No Director is allowed to approve his/her own evaluation under the Group Human Resource Policies and Procedures.

Remuneration of Non-executive Directors is determined by the Board as a whole and Non-executive Directors shall abstain in discussion of their own remuneration. The compensation of Non-executive Directors is proposed by the Committee which link to their experience and level of responsibility taken and tabled for Board's approval.

The Committee has also proposed a mandate be given to Group HR Authority Limit Panel for approving salary review and increment of any Executive Director based on KPIs performance evaluation pursuant to Group HR Policies and Procedures of a quantum not more than 10% of the individual Executive Director's existing salary for financial year 2026.

Directors' Remuneration

The Company pays its Executive Directors salaries, bonuses and other emoluments mandated by the Board pursuant to Group HR Policies and Procedures whereas for Non-executive Directors, Directors' fees and emoluments that are approved at AGM.

Summary of the Non-executive Directors' remuneration comprising remuneration received/receivable from the Company and its subsidiaries during the financial year 2025 are as follows: -

Director's Name	Fee (RM)	Allowance (RM)
Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	20,000	5,600
Mr. Koay Cheng Lye	15,000	5,000
Ms Lim Siew Wee	5,712	1,000
Ms Koay Pei Feng	5,712	1,000
Ms. Lee Kooi Hoon	15,000	4,000

The detailed disclosure for the remuneration of individual directors and senior management are set out in Corporate Governance Report submitted to Bursa Malaysia which be able to obtain from the weblink <https://www.kobaytech.com/general-meeting/> as well as via the announcement on the website of Bursa Securities.

... Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Senior Management Remuneration

In compliance with Listing Requirements and MCGG 2021, below are four (4) senior management remuneration breakdown which inclusive of salary, bonus/incentive, allowances and statutory contributions categorized into bandwidth of RM50,000 for the financial year ended 30 June 2025.

Age Bandwidth	≥ 45 years old		≥ 50 years old		≥ 55 years old		≥ 60 years old	
Per Annum	M	F	M	F	M	F	M	F
RM250,001 to RM300,000								
RM300,001 to RM350,000						1		
RM350,001 to RM400,000		1					1	
RM400,001 to RM450,000	1							

* M – Male; F – Female

Employees' Share Option Scheme

There is no granting of options under the Employees' Share Option Scheme that was established on 19 April 2016 for the 10 years tenure.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("ARMC") which consists of three (3) Non-executive Directors and two (2) of them are Independent Directors. All the members are financial literate and one of them is a member of an accounting association.

The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact.

Assigned by the Board, the Committee co-ordinates with internal and External Auditors in relates to matters that may affect the financial or audit of the Company. During the financial year under review, ARMC has reviewed the audited financial statements for complied with applicable financial reporting standards and provided a true and fair view of state of affairs and financial position of the Company. The ARMC has recommended for Board's approval the financial statements and Statement of Directors' Responsibilities in preparing financial statement as set out on page 65 of this Annual Report.

In accordance with External Auditors Policy as published at Kobay website, ARMC shall assess suitability and independence of External Auditors once a year and the External Auditors shall provide assurance that they are and have been independent throughout the conduct of the audit engagement in accordance with terms of relevant professional and regulatory requirements. The External Auditors have, during ARMC meeting held on May 2025, confirmed their independency for audit engagement provided for financial year ended 30 June 2025.

The External Auditors would meet the ARMC without the presence of the executive Board members and Management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the External Auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the ARMC or the Board.

Save for the audit services and review of Statement on Risk Management and Internal Control provided during the financial year ended 30 June 2025, there were no non-audit services provided by the External Auditors. Prior to engagement of any non-audit services by External Auditors, it shall be first reviewed by the ARMC before tabled for Board's approval.

... Corporate Governance Overview Statement

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit and Risk Management Committee (Cont'd)

After reviewing the proposed audit fee, the ARMC has recommended that the Board concur with the Auditor's intention to retire at the forthcoming AGM .

Further information on its composition, roles and responsibilities, number of meetings and attendance of ARMC, summary of ARMC activities and Internal Auditors' activities during the financial year under review are set out on page 62 - 64 under the ARMC Report of this Annual Report.

Risk Management and Internal Control Framework

The Board is primarily responsible for the Group to have sound risk management framework and internal control system. The Company has identified and managed key business risks inclusive of material Environmental, Social and Governance risks to safeguard shareholders' and Company's investments. The Group's Risk Management Framework has been established in year 2013, documented down the risk tolerance level, risk management accountability bodies and monitoring procedures for Group's risk management.

The Group has governance structures and processes with performance-focused risk management as parts of our Corporate Culture and integrated internal control systems across all operations to monitor and manage risk. The Board is aware and responsible in ensuring that the Company maintains an effective internal control system. The Company has written documentations on Company's values, expected code of conduct, policies and procedures which clearly defines authorities and responsibilities of the Board, its Committees, each department, manager and employee.

The management is accountable to the Board in monitoring Company's internal control system and provides reasonable assurance that any foreseeable future event or situation that may impact the Company's business objectives be mitigated or managed. Problems identified are highlighted on a timely basis with suggested solutions.

The Company has a customised Enterprise Resource Management System which enables the management to gather information, monitor and manage individual subsidiary company's KPI and operations are operating in accordance to procedures and management expectation.

The Board has established an Executive Committee ("EXCO") which comprises of four (4) members, three (3) Executive Directors and one (1) senior management staff, to oversee the execution of entire Group's strategic direction and goals and properly functioning of Group's policies and procedures. Its primary responsibilities are stated in Board Charter and accessible at Kobay's website. EXCO reviews individual subsidiary's risk management activities in quarterly meetings as an on-going monitoring process.

The Group's Statement on Risk Management and Internal Control is set out on page 59 - 61 of this Annual Report.

Internal Audit

As regards to the internal audit function, the Board view that it is an integral part of an effective internal control system. the Board has established an in-house Internal Audit Department to periodically review the adequacy, effectiveness and integrity of Group's internal control system, management information system, risk management and governance processes. The internal auditors' review and highlight weaknesses in control systems and make recommendations for improvement. One of the internal auditors' functions is also to investigate any complaints on mismanagement of Company's properties and assets and any instances of fraud or malpractice. Internal Audit Department reports directly to ARMC to ensure independence of internal audit function.

Summary of activities of the Internal Audit Department is set out in Audit and Risk Management Committee Report on page 62 - 64 of this Annual Report.

... Corporate Governance Overview Statement

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

Ongoing engagement and effective communication are the Company's values and culture. Continuous effective communication with internal stakeholders during day-to-day operations for Company's success and with external stakeholders will be able to build the trust thus provides the external stakeholders a better picture of the Company's objective and an avenue for the Company to understand the external stakeholders' expectation.

The Company released quarterly financial results after approved by the Board via Bursa Link pursuant to Bursa's Listing Requirements and the Investor Relation personnel will organise a quarterly update on the Group's performance to keep shareholders informed about financial performance and business outlook.

The Board is aware that no information shall be disseminated in any forms and means prior to the announcement first made to Bursa Link pursuant to the Main Market Listing Requirements hence all information released to the public are accessible through the corporate website maintained by the Company globally.

There shall be no information disseminated to the media or any parties unless it is either first approved by Chief Executive Officer or the Board in accordance to the approving authority level and it shall be only released by the Chief Executive Officer in accordance to the Company's Corporate Disclosure Guide established.

Shareholders may direct or post to the Senior Independent and Non-executive Director for any queries or concerns regarding the Company at the registered office address or reach out the person in charge of investor relation at all times via email to investor.relation@kobaytech.com or contact the Company Secretaries via office contact number or email to cosec@kobaytech.com for information.

Conduct of General Meetings

Every general meeting of the Company represents a primary platform between the Shareholders, the Board and senior management team to interact in person other than written communication.

The Company has always served notice within requisite period for meetings as prescribed by the Listing Requirements and MCGG 2021. Special businesses in Notice of AGM will be furnished with explanatory notes to Shareholders on the effects arising of proposed resolutions.

At the general meeting, Shareholders are encouraged to actively participate in discussing the resolutions proposed or Company's operations in general. the Board, senior management team and Company's External Auditors are present to answer questions raised and provide clarification.

Key matters discussed during the General Meeting and the minutes will be posted to the Company's website under the weblink <https://www.kobaytech.com/general-meeting/> within 30 days from the date of the general meeting.

Compliance Statement by the Board of Directors on Corporate Governance Statement

The Board has reviewed and approved the Corporate Government Overview Statement on 27 October 2025. The Board is pleased to report that, to the best of its knowledge, the Company has fulfilled its obligations in accordance with all the applicable laws, regulations, internal and external guidelines on corporate governance throughout the financial year ended 30 June 2025.

Sustainability Report

INTRODUCTION AND STATEMENT FROM THE BOARD

The Board is pleased to present to you the Kobay Technology Berhad's ("Kobay" or "the Group") 2025 Annual Sustainability Statement (hereinafter referred to as "the Statement" or "this Statement") providing an overview of the Group's sustainability performance during the financial year ended 30 June 2025. This report should be read in conjunction with the other statements in this Annual Report.

As Kobay aim to be market leader and pre-eminent supplier to our customers worldwide, Kobay dedicated to uphold its corporate responsibilities across Economic, Environmental, Social, and Governance (EESG) dimensions while providing its sustainable solution product and services to its customers globally. We strive to achieve our goals in a manner that benefits all our shareholders and stakeholders, ensuring sustainable growth and ethical advancement as we continue to move up the value chain.

SUSTAINABILITY GOVERNING STRUCTURE

The Executive Committee ("EXCO") members have been delegated by the Board of Directors to champion the Group's sustainability mission. Led by the Chief Executive Officer, the EXCO articulates and drive the sustainability practices across the business units in our two (2) core divisions namely Manufacturing Division and Investment Division.

Pursuant to the Board Charter, the Board is ultimately responsible for the Group's sustainable corporate direction, strategic planning and goals. The EXCO will then integrate the sustainability initiatives in the Group's yearly strategic plans and every head of the business units have to incorporate these initiatives into their sustainability-linked key performance indicators (KPIs). The business units' yearly sustainable strategic plans and goals will table for the EXCO to buy off.

The Corporate Core Team will act as managing agent for the approved sustainability measures by the EXCO and/or the Board of Directors whereby the Audit and Risk Management Committee (ARMC) has been delegated as an oversight and governance body responsible in ensuring the Company's material sustainability matters carried out within the scope of the Group's sustainability direction.

To ensure all the identified risks are being monitored, our internal auditors will consistently audit each and individual business unit to ensure compliance and any deviation will be reported to EXCO during monthly meeting with proposed corrective action and quarterly to ARMC before the same will be reported to the Board at its quarterly meeting and follow up audit will be carried out and report the same in the following ARMC and Board meeting/(s).



... Sustainability Report

SUSTAINABILITY FRAMEWORK

Kobay was established in year 1984 supporting semiconductor manufacturers during the emergence of the Penang Silicon Valley. Most of the Multinational Companies operating in Penang are our customers since then.

From a SME with just a handful of people in year 1984, with our CEO's vision, Kobay Group has expanded to 4 companies before it was taken over by a public listed company in year 1995. Despite the economy turmoil in year 1997, Kobay managed to go for IPO in that year and went through up and down these 4 decades of journey through the determination of our CEO upholding the mission as explained below.

Kobay's core business is in manufacturing. Operating from Malaysia, it provides high precision engineering solution, high precision components and parts, high level of assembly for its global customers in semiconductor and E&E, aerospace, medical and life science, automation and equipment maker industries majority located in Malaysia, Singapore and United States.

Our Commitment, Our Mission

We aim to be the market leader and pre-eminent supplier to our customers worldwide thus we will pursue excellence in all aspects of our business in order to serve our global customers.

Kobay's mission is to achieve *sustainable, profitable growth (Goal 8)* and we combine *market leading technology (Goal 9)* with a *highly competent and committed workforce (Goal 16)* to achieve business excellence which is reflected in the products and services we offer.

We measured our ability to *create economic value, bond with our customers and suppliers (Goal 17)*, *promote a sense of pride and ownership amongst our employees (Goal 12)* and produce a higher return of equity to our shareholders in determining our success.

Our Board members and senior management are committed to our tag line "Be the Best We Can Be!"

Management Approach

We recognized the impact that our business decision onto the surrounding environment and communities where our business is operated. We integrated Economic, Environmental, Social and Governance (EESG) issues into our business operations and tabulate our strategic KPIs to track our progress and the management has tabulated a simple policy in governing the practices in Kobay Group to take into consideration of the required disclosure in climate-related risk of our business activities in accordance with the NSRF, TFCF, GRI and relevant regulations.

Kobay Business Model & Value Proposition



SDG Goals:



... Sustainability Report

SUSTAINABILITY FRAMEWORK (CONT'D)**Sustainability Matters**

Our goal is to create long-term value to our stakeholders. Kobay will set a five (5) years' master plan where the Group's Corporate Direction which includes the sustainable factors then cascade down to the subsidiary companies. The respective Business Unit Head is required to assess our key materiality area that will impact the entire Group's business operation for the review and approval of the EXCO for implementation.

Kobay viewed the below materiality matters are crucial in defending today and creating tomorrow for the Group's sustainable growth.

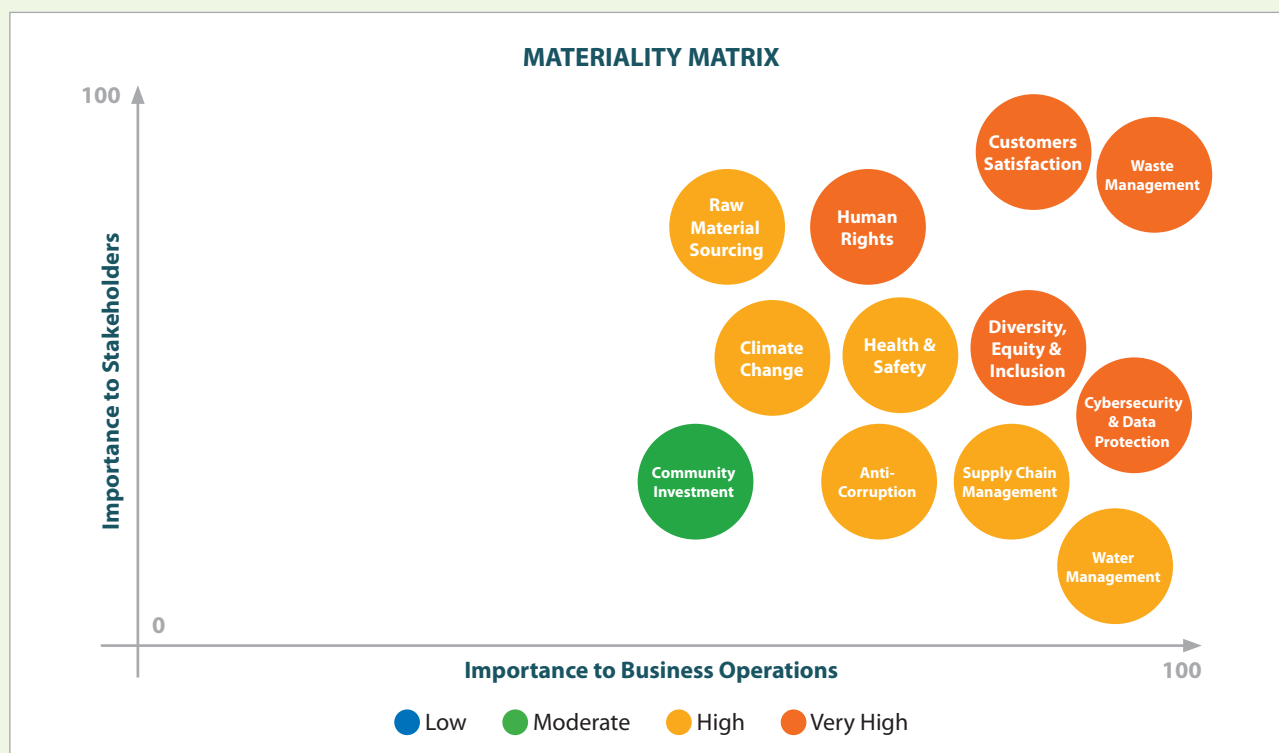
During the financial year under review, the Board has conducted the yearly strategic planning whereby the relevant KPIs and actionable matters have been taken into consideration in delivering ultimately the financial results to the stakeholders. The materiality matters were evaluated before the Yearly Group's Corporate Expectation being set and cascade down to individual business units.

Kobay remains committed to protecting the environment and working works diligently to balance between sustainable growth by creating value and attaining its environmental and social goals. Throughout it journey, Kobay has identified 12 material matters being the priority and has continuously reviewing and the approach in delivering the outcome of the process.

The EXCO has identified the following materiality matters and endorsed by the Board being the focus of the Group that is crucial in delivery the financial result to attain the sustainability for the Kobay Group during the financial year. There are challenges and risk that come alongside where our Board believes that "Resilience is forged through challenges, which we embrace as opportunities for growth and transformation."

Material Sustainability Matters

The CEO has assessed the 12 materiality matters judging the risk and opportunities and via his message at the Group's yearly strategic planning kick-off meeting transpired his directive for each business units and/or functions stimulating them in seizing the opportunity and highlighted on the risk that associated therewith in the first quarter of every calendar year. The respective business units and/or functions person in charge shall then set out their yearly strategic plan and goals for approval of the senior management and the Board Committee ie EXCO together with actionable plans for attaining sustainability goals.



... Sustainability Report

SUSTAINABILITY FRAMEWORK (CONT'D)

Risk Management

Aside from accredited quality management system as listed below accredited to our core manufacturing subsidiaries by relevant issuance authorities and were assessed before renewal is obtained yearly. Kobay committed to continuously improve our product and service quality in supporting and sustaining our customers' supply chain.

- ISO 9001 : 2015
- ISO 13485 – 2016
- ISO 9100 ; D
- Nadcap –Chemical Processing; and
- Nadcap – Aerospace Quality System (AC7004).

Pursuant to the yearly internal audit plan approved by the Board, our internal auditors will conduct audit to each and individual business unit for compliance towards our Corporate policies and relevant act governing the businesses. The respective risk and opportunities for each material matters will not only be part of the Business Unit Head assessment scope during the yearly strategic planning where those risk that will threaten the business unit will be included into the yearly internal audit plan and formed part of the audit process. Any deviation encountered by the internal auditor during the audit, the said matter will be tabled to the EXCO with proposed corrective action from the respective Business Unit Head.

The Internal Auditors will table its findings at the quarterly ARMC before the same be reported to the Board at its quarterly meeting and follow up audit on the matters reported will be carried out until the matter resolved.

ECONOMIC VALUE CREATION

Kobay's founders have been in business for four decades and they knew that poor financial performance threatens business health and investment opportunity. In driving to deliver continuous sustainable performance, the business needs to have a clear vision and such vision shall be bought off by the top management and cascading down to all employees.

Kobay has on 2004 embarked onto the journey to re-visit and enhance its vision and cultivates all employees of Kobay support and contribute to the Group's success. Kobay has set its culture A.C.T.I.O.N.S for which then revised in financial year 2014 and the VP of People and Organization Development has been tasked to continue the right culture cultivation to new employees.

Economic performance

Kobay management team has committed to the Group's vision and it has laid down the system in driving the performance from financial year 2005 with its first ever yearly strategic planning session held in April 2004. Since then, Kobay EXCO has continue to adopt the system to have yearly strategic planning session where Kobay's performance has improved gradually

from financial year 2005 with RM3.187 million to financial year 2022 with RM58.18 million of profit after tax before the Group was impacted with the global inventory over stocked issue in semiconductor industries.

Two incubation projects set up to cater for high level assembly and solar industries during financial year 2023 are unable to turnaround during the following two (2) financial years ie financial year 2023 and 2024. The EXCO has committed to turnaround these two business units where we have shifted our focus from solar industries to non-solar industries for the aluminium extrusion facilities set up during financial year 2025 couple with close monitoring of operation cost, the said business unit has managed to reduce the gap and looking forward to contribute some small amount in the coming financial year 2026.

With close monitoring, the other business set up for the high-level assembly that set up for advanced data servers, has managed to secure more customers and repositioning to extend its services to other electronic and electrical niche product manufacturer. Although there are no significant contributions from the two incubated projects, the management team have been working towards the sustainable performance of the Group in financial year 2026.

The Group strives to produce a higher return of equity to our shareholders while creating economic value to other stakeholders and to the local economy. The Board and its Committee are mindful when implementing any expansion plan while defending the performance of all existing operations.

With everyone's effect, the Group recorded RM342 million sales revenue for the financial year 2025 and RM19.6 million PBT (profit before tax) before the impairment and provision recommended by our external auditors in delivering the economic performance.

Details of the group performance has been discussed in our MD&A of this Annual Report under page 5 - 14.

The Group will continuously stay abreast with market trend, pursuing expansion and technology advancement, maintaining healthy balance sheet and mitigating risks exposed by our business operations in attaining the business excellence to create economic value to our stakeholders.

Customers satisfaction

In delivery our sustainable performance, Kobay Group acknowledges that customer satisfaction is a material factor in achieving long term success. Dissatisfied customers will not be a repeated customers which will lead to loss of revenue to competitors.

Customers' engagement is crucial to build trust and long-term relationship, through various communication channel, we obtain customer feedback which enable us to gain insight of customers' expectation so we can incorporate into the products or services that meet their needs.

... Sustainability Report

ECONOMIC VALUE CREATION (CONT'D)**Customers satisfaction (Cont'd)**

For manufacturing division, there are few Key Performance Indicators set and tracked the performance of each business units in meeting customers' satisfaction. The business account personnels are required to consistently in contact with the customers to ensure we meet the customers' expectation in our products or services rendered.

For property development, pharmaceutical and hospitality management business units, the end customers' satisfaction will directly affect the decision of our customers for repeated orders. Aside from the market survey prior to launching any product/project, customers' satisfaction is one of those Key Performance Indicators will be closely monitored monthly, quarterly and yearly through meetings set by the Group.

For the financial year under review, data collected for the KPIs tracked can be referred to page 57 - 58.

We do not receive any customers' complaint during the financial year under review. Simultaneously, 31 customers have conducted ESG survey onto our business units and were satisfied with the response and/or updates given onto the matter.

Supply Chain Management

Suppliers and vendors are business partners of the Group and any unethical practices undertaken by them will expose Kobay to operations disruption and rejection by customers. Before every supplier/vendor able to do business with us, they are required to fill up a form and make declaration to adhere to all the policies that Kobay is practicing. Thereafter, the management will perform a due diligence check onto the said supplier/vendor before approval being granted to register them into our ERM system as approved supplier/vendor.

We are committed that our procurement practices are fair and transparent and this has been incorporated into our Finance Policy and Procedures where jobs will only be awarded to the most credible supplier/vendor in our Manufacturing Division. All approved suppliers/vendors will be informed with our policies in anti-corruption, data protection, health and safety as well as our ESG expectation in all the goods and services they supplied to Kobay Group of Companies.

For our Property Development, open tender will be conducted whereby not only prices will be taken into consideration but also the reliability and reputation of the supplier/vendor will be considered as a crucial factor in our awarding process.

We prioritize to procure our needs in relate to our products or services from local supplier/vendor aiming to support and contribute positively to the local economy. We will also inform the supplier/vendor on the customers' latest requirement from time to time to keep them abreast in order to support our supply chain to our customers worldwide while continue to assess the qualification of the supplier/vendor via yearly

survey.

For the financial year under review, we have assessed our suppliers and no non-compliance supplier were recorded for our manufacturing business units.

Anti-corruption

The Group acknowledged the importance of ethical corporate governance as poor governance on anti-corruption will tarnish the business reputation and create unhealthy business culture. Kobay committed to uphold high standard of business ethics. "Upholding integrity at all times", that is, integrity and ethics.

Code of Business Conduct Policy, Anti-Corruption Policy, Whistle Blowing Policy, Group Human and Resource Policy, Group Finance Policy and Group Standard Operating Policy are being formalized to serve as a guidance to all employees (inclusive of Company Directors and Senior Management) on how the organization within Kobay Group are expected to behave and conduct when performing their duties.

Those policies cover topics related to conflict of interest, gifts and gratuities, integrity of company assets and information, insider trading, act of misconduct, cultivate conducive working environment and compliance to laws and regulations. The Human Resource Department has been tasked to arrange new joiners to undergo an induction/orientation programme where they are required to familiarize themselves with the Group's policies, the Group's culture and practices.

Suppliers or vendors who intends to do business with the Group shall also adhere to the Group's Code of Business Conduct Policy and Anti-Corruption Policy. All suppliers are required to fill and submit the declaration which is part of the registration form for the suppliers/vendors during opening of their business account. For the financial year 2025, one of the newly set up manufacturing facilities and pharmaceutical group have not rolled out the communication with our suppliers/vendors on the practices to get the execution of code of business conduct and anti-corruption letter for which the task has been included in the forthcoming financial year.

For the financial year under review, there is no case received pertaining to the business conduct and anti-corruption. The Internal Auditors has tabulated an audit plan for the Group each financial year for which include evaluating the corporate governance practices of each business unit. For the performance, please refer to page 57 - 58.

The Code of Business Conduct Policy, Anti-Corruption Policy and Whistle Blowing Policy are available at Kobay website which are easily accessible whereas the Group Human Resource Policy, Group Finance Policy and Group Standard Operating Policy are available on the Group's Electronic Documents Management System (EDMS) where the access will be granted upon application by Human Resource Department.

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ECONOMIC VALUE CREATION (CONT'D)

Cybersecurity and data protection

With the Artificial Intelligence/Internet Over Things era and more companies digitalising its operations, information are easily available over the internet hence these data collected and maintained by any individual or corporate are expose to cybersecurity risks. As such, we have responsibility to manage the growing threat of cyber-attacks on the Group's data collected including but not limited to protecting our customers' sensitive information to prevent any leaks, threats or loss of customer information.

In Kobay, managing data and security is an integral part where we will conduct periodic review onto our Enterprise Resource Management System (ERM), EDMS, Human Resource Management System (HRMS) and Email System to ensure our data privacy and security controls and processes are operating effectively. To ensure that our data is collected through lawful means, we will obtain consent from respective party before the said data being stored into our operation systems. We have also imposed a strict control in granting access to the user inclusive the list of activities for each and every user authorized personnel.

During the financial year under review, the Company has reviewed the corporate policies and has adopted Fit and Proper Policy in enhancing its corporate governance aside from its MIS team further controlling on the cybersecurity and installed spam mail monitoring hand in hand with all employees.

Aside from cybersecurity framework and IT Policy, EXCO has reviewed and adopted the Data Protection Policy for which incorporated the amendment gazetted in 2024 proposed. Respective business units, the Corporate Human Resource and Corporate Finance Department are recommended to evaluate its compliance of the said policy. Simultaneously, individual business unit shall assess the necessity for the Data Protection Officer appointment.

Further to the requirement under Personal Data Protection Act 2010 (PDPA) (Act 709), the below companies within Kobay Group has registered to the Personal Data Protection Commissioner and obtained relevant certificates under Section 16(1)(a) of the PDPA.

- Kewjaya Sdn. Bhd. under code 2201
- Lavanya Resorts Sdn. Bhd. under code 1401
- LD Global Sdn. Bhd. under code 1901
- Kobay SB Sdn. Bhd. under code 1901

ENVIRONMENTAL STEWARDSHIP

Kobay recognises that responsible environmental management is fundamental to long-term business resilience and stakeholder trust. We continue to integrate sustainability into our operations by conserving resources, minimising emissions, and innovating towards cleaner and more efficient solutions.

An ESG workgroup has been formed with representative from each business unit and corporate functions where an ESG policy has been proposed and approved by the EXCO prior to the date of this Statement.

Climate Change

As manufacturer in precision engineering industries supporting the main Gross Domestic Product contributor of Penang State, Kobay acknowledges carbon footprint from our business operations especially Scope 1 and 2 Carbon Dioxide Emission (CO₂e) which is a crucial in the nation's goal in creating a low-carbon economy.

As a corporate citizen, Kobay is focusing on managing its emissions and investing in low emission and green technologies in the transition journey. Our business units are working to track the CO₂e aside from exploration to installed solar system in qualified manufacturing facilities while our project management team in property development division will engage Consultant in managing the entire project ESG related matters until the completion.

Two subsidiary companies within the Group have installed solar system and one of the subsidiary companies is exploring on the installation. The data collected from the solar system has been recorded in our performance report under page 57 - 58. The Group will continue to explore the possibility for renewable energy for reducing the purchase of energy consumption.



Location :-

Plot 30, Hilir Sungai Kluang Satu, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang.

Owner : Polytool Technologies Sdn. Bhd.

System Capacity : 519kWp

Energy generated : 62MWh p.m.

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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Climate Change (Cont'd)



Location :

2631, Lot 376 & 377, Lorong Perusahaan 10, Phase 3, Prai Industrial Estate, 13600 Perai, Penang.

Owner : Paradigm Aerospace Sdn. Bhd.

System Capacity : 935kWp

Energy generated : 115MWh p.m.

For the financial year under review, the Group has set up another manufacturing facilities and few warehouses whereby the management recognises that inadequate climate change preparation may cause unexpected loss of production due to flood may lead to loss of customers trust if goods are late in delivery to them. Hence, the management team has carefully evaluated the potential risk before determine the location of the warehouse or manufacturing facilities to be set up.

Waste Management

Kobay recognized the importance of waste management impacted our environment if not being treated properly. We generate different type of waste for both the Manufacturing, Property Development and Hospitality and Pharmaceutical sector respectively. We have solid waste, waste water, waste chemical, paper waste and other waste generated in our business.

Kobay acknowledges that strict compliance with environmental regulations on waste management is essential to avoid adverse regulatory consequences. In addition to that, we understand improper waste management can have impact and causing detrimental effect on air, water and soil contamination thus heightened risk of hazardous exposed to the surrounding communities where our business is operated. Hence, the Group is mindful on the waste generated from the production as well as the end of the product life cycle.

As Kobay Group's core businesses is providing high precision engineering solution in metal fabrication, the business used various metal ranging from tool steel, stainless steel, mild steel and aluminium in its production, there are waste produced along the production activities and those metal scrap will be in the form of smaller piece or in chips form, from its operations.

The Group supports green environment and continuously managing the impact of its operations to minimize the solid waste goes into landfill. Kobay's waste management strategy is driven by 4Rs concept of Reduce, Reuse, Recycle and Recover to minimize environmental pollution.

Our Group has outlined how to minimize waste per each category of waste generated as below.

1) Liquid Wastea) *Waste Water*

For factories where we have generated waste water, waste water treatment plant has been installed and Industrial Effluent Discharge Monitoring Reports were submitted monthly to Department of Environment, Ministry of Environment And Water with certified laboratory's certificate of chemical test analysis on treated water discharged, covering pH, cadmium, chrome, cyanide and suspended solids.

Yearly, the respective factories are required to go through license renewal approval.

b) *Waste Chemical*

Our production floor will consume chemical in its metal components production for which the said chemical will be evaporated throughout the process due to its function is to cool the production process. Hence, the said chemical will require to be topped up during the production whenever the quantity is not to expectation. No disposal of this chemical is required.

Certain production processes, for example, chemical used in surface treatment, the said chemical disposal will only be allowed through licensed vendor/(s) and record will be kept for the audit of the Department of Environment.

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ENVIRONMENTAL STEWARDSHIP (CONT'D)

2) Solid Waste

Our products are majority made from metal like mild steel, stainless steel and aluminium, procedures have been in place for all manufacturing plants on these metal waste treatment and management systems. The procedures are also supporting our manufacturing facilities which most of them are LMW manufacturing plant whereby there is the requirement the business units shall keep track of the metal purchased and the scrap material for submission to the Authority for approval prior to disposal. We have allocated specific area within each manufacturing plant for storing the metal waste and periodically, arrangement will be made with the scrap vendors to collect those scrap materials.

As for our Property Development Division, we will first to ensure compliance to environmental policy of the state where our project situated during the development order application process. We will scrutinize the vendors when we are tendering our approved development project and to ensure that respective contractor appointed commit to treat their waste properly throughout the project construction work and consultant will be appointed to monitor related ESG compliance matter for the approved development project as well.

For Pharmaceutical group where their businesses are more on trading, aside from CSR project, they will continue working with the suppliers on possibility to reduce the consumption of non-recyclable plastic packaging material which will risk the environment end-of-life stage of the product.

During the financial year under review the sum of scrap disposal for manufacturing is listed in the chart shown in page 57 - 58. Moving forward, the management will continue working on reducing the impact of waste to the environment.

3) Other Waste

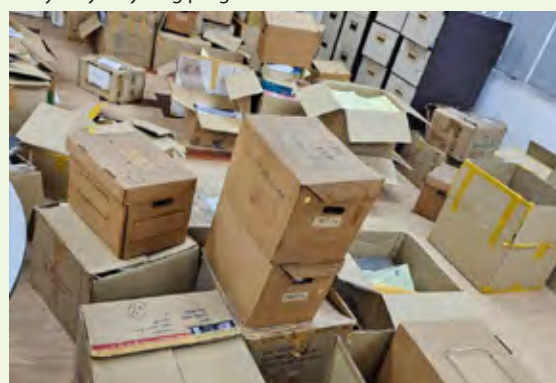
For waste created other than the production floor, trading business or construction site like consumption of paper in the office, the general waste generated, we are in line with the Penang State Government effort in segregating the waste. In the corporate office and our manufacturing plants, we have installed recycle bins and continuously educate our workers in segregating the type of the general waste to reduce the amount of waste end up in the landfill.

For paper consumption, we have digitalized some process and go paperless like our ERM, storage of our corporate policies, documents/record through EDMS and moving forward, we are continuously exploring on any possibility to digitalize further in our operational process.

Although Kobay's practice is to dispose off documents which are not required to be kept under respective act and

regulation, it is our group policies that these documents/record can only be disposed off with the approval of EXCO. We have taken into consideration of data protection for those documents disposal and we are mindful on the disposal process of the vendor/(s) and if required, we will get our person in charge to witness the disposal process.

During the financial year under review, our team has conducted our yearly recycling programme at our factories and offices.



We continued to recycle our paper waste yearly to ensure that waste generated are properly handled at the end of its life cycle and gave them a new life via paper recycling vendor. Hence, during the financial year under review, we have recycled 181 metric tonnes of metal waste via the material scrap vendors for avoiding from landfill.

Kobay has brought to each business unit's person in charge on proper treatment of e-Waste due to digitalization of business operation and Kobay will tabulate a guide includes the management and treatment. Currently those e-Wastes like spoilt key-board, mouse, mobile phone, walkie talkie, tablet, PC, printer etc are properly kept by the person in charge for the arrangement to dispose it via proper channel.

The data collected on waste management as in page 57 - 58 has excluded the property development and pharmaceutical group.

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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Community Investment

Business activities which have negative impact onto the community will affect the Group's social image amongst community. As corporate responsible citizen to walk the talk to ensure the culture being implant into the Group's culture thus build good reputation and brand for the Group.

In Kobay, we strive to give back to the communities as a responsible corporate citizen through our community engagement and impact programmes with a focus on education and social welfare.

The Group believes that by investing in education, we will be able to nurture the next generation who is the foundation for building a highly educated community and moving towards a high-income country.

During the financial year under review, respective business unit within the Group has conducted several events as below.

PIFF @ Tanjung 2024



State 2024 World Children Day on 9 November 2024



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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Community Investment (Cont'd)

Micro social awareness movie filming



Financial assistance to employee who are in needs for his family



Lavanya Resort Gotong Royong Day 23 April 2025



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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Community Investment (Cont'd)

Kulim Advanced Tech Campus Factories visit for arousing younger generation interest in creating talent for the industries



Sponsoring "Decoding Deepseek Forum"



Sponsoring "Ending Plastic Pollutions : Steps for a Plastic-Free Penang" on 14 Jun 2025.

Encouraging employees to join the run organized by the State.



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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Community Investment (Cont'd)

SETITIK DARAH • SEJUTA HARAPAN 20250510

Our Blood Donation & Life-Saving Skills Campaign held on 10 May was a remarkable success, we have collected an incredible 70 bags of blood.

We have had an amazing turnout for our CPR & AED training sessions, where participants learned essential skills that could make a real difference in an emergency.

Together, we're not just saving lives—we're empowering each other, strengthening our community, and spreading the spirit of giving and learning.

We're truly grateful to everyone who participated.



China Press 2024 ESG Practice Award

Avelon Healthcare Group is committed to achieving balanced growth across three key areas: Environmental Protection (E), Social Responsibility (S), and Governance Efficiency (G).

By adopting ESG principles as a cornerstone of corporate governance, Avelon Healthcare Group is proud to receive the said awards recognizing our contributions towards Malaysia's long-term sustainable development goals and create greater value for society.

Avelon Healthcare Group committed to serve local communities with professionalism and dedication, working together to build a healthier, brighter future.



We support national human resource development by nurturing local talent through our active participation in local universities, colleges, polytechnics, and the Penang Skills Development Corporation. We believe that by providing these opportunities, individuals will be empowered to reach their full potential and grow into future leaders who can contribute meaningfully to society.

Additionally, we have consistently participated ourselves towards the betterment of the local communities and we also encourage our employees to participate whenever we have group base activities.

Respective performance has been illustrated in page 57 - 58 of this Annual Report.

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ENVIRONMENTAL STEWARDSHIP (CONT'D)

Water Management

Water scarcity is at the alarming stage due to global warming, poor water management and contamination. As water supply and usage is crucial to the Group in both the manufacturing of products, and for the sanitary needs of our employees, we recognise and committed to mitigate the risk of water shortage which will impact our business operation.

Ineffective water management will increase the cost of the Company. Therefore, our Group consistently promote on water conservation and regularly and employees are mindful on the scarcity of water. We have person assigned to perform regular check onto the premise to watch out for any leakage of piping which resulting waste of water and anyone who found such issue will have to report to the management for immediate attention and action.

As part of our ongoing efforts to conserve water, the management will impose penalties on workers found misusing water, whether at the factory premises or in the hostel.

For property development division, aside from green energy feature, rain water harvesting is another feature that our project management design team will take into consideration for property development project before submission to the relevant Authority for approval.

We have commenced the evaluation of the possible installation of rain water harvesting system in our manufacturing plants after the green energy effort rolling out for all the plants.

Materials

Usage of non-sustainable materials like non-recyclable plastic will result the Company loss in market shares. Kobay fully recognises on importance conservation of resources and attempt to minimize the impact caused onto the environment especially the core material used in the manufacturing is aluminium. Currently most of our aluminium material needs are from local suppliers/vendors.

With our aluminium extrusion plant set up last financial year, where we played an important role in supplying extruded material to trader and we have collaborated with local smelting facilities provider tore-cycle and re-use aluminium waste from our manufacturing plant in giving a second life to aluminium waste generated with the end in mind to create a circular economy and minimizing the depletion of resources in preserving the environment.

As our supplier is still unable to provide us in metric tonnes for the purchased material and we are making an effort to obtain the data alternatively. The data collected for the financial year is illustrated in the chart under page 57 - 58.

SOCIAL COMMITMENT

In Kobay, the “spirit of success” is a values-driven internal culture that empowers employees, to ensures dignity and equality, and fosters well-being—creating a resilient, innovative, and sustainable organization. The “spirit of success” is embedded in how we operate, it drives us to uphold human rights, to ensure safe workplaces, engage employees meaningfully, and create an inclusive environment where everyone can thrive. These values are not only aligned with our ESG commitments but are essential for sustainable, long-term business performance.

Human Rights

The “spirit of success” at Kobay begins with a foundation of respect for human dignity, ensuring all employees, contractors, and stakeholders are treated fairly and ethically. Kobay believes that foster a workplace that values each individual's contribution to our collective success will take Kobay to the next level of performance.

Incorporated into our Group Human Resource Policy and Procedures, Kobay adhere to the Malaysia's Employment Act 2012 and relevant acts where our business is operated. The Human Resource Department shall conduct human rights due diligence in recruitment, operations, and sourcing practices. Under the policies, we covered discrimination and harassment, grievances mechanisms, health and safety, employee engagement and many more empowering employees to speak up safely.

Caring for employee is not just about welfare and benefits. One of the Kobay leadership traits is producing conducive working environment. Hence, we have embedded such practices across its business operations to promote healthy working culture and our management have zero tolerance for discrimination, harassment, child labour or forced labour across the value chain.

The Group has, from time to time, via the Human Resource Department, evaluate and assess the breaches and any infringement to the policy governed. Quarterly, VP of the People and Organization Development will invite the Corporate Core Team members to propose for any improvement suggested for the Group policies and practices. Kobay Corporate Core Team lead by our Chief Executive Officer and members that consists of our Chief Operating Officer(s), VP in Corporate Planning, VP in Corporate Governance and Investor Relation and VP of the People and Organization Development. For the financial year under review, there are two (2) core team meetings held respective on 20 Jan 2025 and 24 April 2025. Further to the core team meetings, any suggested matters being approved which require any update to the Group HR Policies and Procedures, the VP-People and Organizational Development as required to ensure that the policy is being updated accordingly.

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SOCIAL COMMITMENT

Human Rights (Cont'd)

Prior to the date of this Statement, the EXCO has approved the revision of the Group Human Resource Policies and Procedures for which has revised onto the discrimination, human rights, gender diversity, harassment child labour and forced labour and the procedure on flow of infringement encountered or report received by the Human Resource Department and recommended action to be taken onto any offender will be, first resolved at the lower management except the said infringement involved management where the matter will escalate to the Board Committee for appropriate action to be taken.

We are glad that no infringement cases were encountered or reported to the Group Human Resource Department for the last three (3) financial years.

Health and Safety

A safe and healthy workforce is essential to achieve sustainable success. Our "spirit of success" includes a relentless commitment to the physical and mental well-being of our people. Kobay believes that creating a culture where safety is everyone's responsibility has not only reduced incidents but increased morale and productivity.

In Kobay, we have incorporated the guide into its Human Resource Policy the safety measure where all employees are required to comply or disciplinary action will be taken against the employee who infringe or breach the said policy. The Human Resources Department shall be responsible to conduct an induction upon employee report to work for which is one of the areas where the Human Resource personnel shall cover is the Human Resource policy and procedures.

Further from the induction conducted during the on-boarding of an employee, the Human Resource Department shall from time to time to arrange safety training and/or emergency preparedness to employees.

We committed to provide the employees a safe and conducive working environment. The Group has enforced that each business unit shall established a Safety Committee and laid down internal safety and health guidelines. The Safety Committee shall from time to time monitor the effectiveness of the rules and regulations enforced and take initiative to inform the employee's family members on the accident occurred within the premise of the workplace.

Any accidents which, the Safety Committee or its representative appointed shall conduct an investigation of the accident. A report on the investigation shall be sent to the Human Resources Department and a copy shall be furnished to the respective leaders of the Business Unit within five (5) days after the accident.

As Kobay has insured for its employees personal accident and hospitalization insurance coverages. Hence, upon any accident occurred shall also report to the Human Resources Department should the HR personnel is not member of the Safety Committee shall proceed to inform the Insurance Company, SOCSO or any other related government authority that requires to be reported at the country where the company is operating in for any claim made. The Safety Committee shall assist to prepare the necessary documents as soon as the incident has been reported.

During the financial year, there is no fatal accident has recorded at our business unit site and the activities carried out by the group under health and safety matter is recorded in page 57 - 58 of this Annual Report.

Diversity, equity and inclusion

Kobay trust that by embracing diverse perspectives, we will be fueled with innovation which enable us to build a resilient, future-ready organization. Hence, our success is only real if it is inclusive. The "spirit of success" embraces diverse voices and to ensures equal opportunities for all, regardless of gender or background. Discrimination on employees will tarnish the Group's reputation and face tough challenge in recruit and retain talent

We have underpinned both fairness and equality in our Group Human Resource Policy from recruitment up to rewards and recognitions. No discrimination nor unfair treatment is allowed and we actively encourage diversity of gender, race, age, religion so that each and every employee is able to reach their full potential and give the Company a competitive edge through their ability, wide range of knowledge, ideas and experience. The said subject matter has been included into the Human Resource Management during the initiation in year 1998.

To-date, we have met the 30% women Director requirement pursuant to Bursa Malaysia Listing Requirement and internally, we are aiming to promote the same inclusive but not limited to the ranking as well as equity in salary and remuneration rewards regardless of gender and age.

The gender diversifications of our employees in total workforce categorized by gender, nationality and job level are shown in the table under page 57 - 58.

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SOCIAL COMMITMENT

Employee Engagement

Kobay valued employees who equips with the right working attitude and capability aligned with Kobay culture is our most valuable assets and they are the driving force in contributing the Group's growth and success. Disengaged employee will jeopardize the employee morale and contribution to the Company's performance.

Unfair and bias rewards system will demotivate employees hence affect the Company culture as a whole.

The "spirit of success" thrives on the energy and ideas of our people. We believe in cultivating a culture of ownership, continuous learning, and shared purpose. Engaged employees are our greatest ambassadors, driving performance and sustainability from within.

In contributing to the Group's performance excellence and growth, the Group has developed the basic foundation ie Kobay 7S alignment whereby the VP-People and Organizational Development being entrusted, as the business partner of the Group, to continuously improve the system (Shared Values, Staff and System) and embedded the Kobay Culture.

The VP of People and Organization development, who the ultimate person in charge of the Group Human Resource, is heading the entire Human Resource team under Kobay Share Service in providing the group's need in the holistic Human Resource function. She has been vested with the task to recruit, develop and retain high-performance employee while working under the ambit of our Group Human Resource Policies to continuously engage with the employee to ensure the following core areas throughout the Group supported by all the Human Resource Personnel:-

- Talent Management and On-boarding
- Performance Management and Benefits/Compensation
- Continuous Development Programme
- Succession Planning

Talent Management and On-boarding

Attracting and retaining talent is essential to building a strong and sustainable talent pool for Kobay's future growth. The VP of People and Organizational Development leads initiatives to strengthen our employer brand, attract top talent, and engage with educational institutions to identify potential candidates for the Kobay family. We also participate in various career fairs and forums to connect with fresh talent and welcome them onboard. Annual survey has been conducted to gather feedback from respective employees via online in the month of May 2025 in relates to HR support, employee benefits and the employee's day to day in Kobay for the Company to formulate action plans for talent retainment.

During the financial year, the attrition rate of the Group has been recorded in page 57 - 58 of this Annual Report.

Performance Management and Benefits/Compensation

Yearly, each and every business unit will derive its yearly strategic plan and goals with KPIs set for evaluation purposes of the performance not only for the business units but also for all key personnel of that particular business units. Simultaneously, as Shared Services to the Group, the VP in People and Organization Development will draw out their yearly strategic plan for the approval of the EXCO in championing the entire Group HR related matters.

In cultivating and promoting high performance culture, Kobay firmly uphold our Kobay culture ie ACTIONS and work towards our Vision and Mission. The evaluation on Kobay culture was embedded in our employees' performance evaluation under our Human Resource Policy and Procedure and measure together with the performance of employees through the Key Performance Indicators (KPIs) to determine the right benefits/ compensation to be awarded to each employee in accordance to our Group Human Resource Policies and Procedures. Any employee who is unable to meet the expectation set by the Superior will not be entitled to any rewards and if required, will have to undergo an improvement plan set by the management and the Human Resource Department.

Under the financial year 2026, the FY2026 Strategic Plan and Goals for all the business units and the Corporate have been completed on 19 June 2025, being a date prior to the commencement of FY2026 on 1 July 2025.

In Kobay group, employees whom have contributed extraordinary to the company's performance will be recognized his/her contributions with rewards from the Group. During the financial year, there was no nomination from our CEO under the said recognition programme.

Continuous Development Programme

Vide the performance evaluation which will be conducted every half yearly guided under the Group's Human Resource Policy and Procedures, the superior of every employee will access the training needs of each and every employee thus able to recommend the suitable training for the particular employee's career advancement.

Aside from the required skill to be equipped for performing the job responsibility, each employee shall be evaluated to continuously upskill and re-train in order to keep up to the pace with the ever-changing technology advances and market trends.

In addition to the voluntary and directive for skill related training, the Group's Human Resource will also evaluate, from time to time, the suitable enhancement programme which is beneficial to the Group then recommend for approval of the management.

... Sustainability Report

SOCIAL COMMITMENT

Employee Engagement (Cont'd)

Individual business unit was encouraged to set out career development programs and/or mentorship to nurture the new leader of the company. The suggested programs encourage cross-functional collaboration and innovation in a win-win scenario for both the employee and the business unit.

During the financial year under review, some business units have conducted the following training during the financial year under review.

PMI Training – Supply Chain Management



PMI Training – FMEA



KTMH Training – Awareness for ISO 9001: 2015



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SOCIAL COMMITMENT

Employee Engagement (Cont'd)

ISO9001/AS9100 training from PA



SPC Training-PA & PPC



Succession Planning

The management acknowledged that succession planning is one of the steps in sustaining any business and nurturing leaders becomes a continuous effort for the Group. The Group has performed yearly assessment onto certain level of employees to identify potential employees to be groomed as future leaders in key positions.

The Group Human Resource has during the financial year conducted Leadership Competencies Assessment onto selected employees to determine for success planning.

The management has consistently evaluated the Group's organization chart and key management traits and strength to ensure the right person be in the right position to drive the Group's business for growth. After the last organization change in the month of July 2024, the management is satisfied with the result and will keep the said changes except some adjustment of job responsibility of senior management to fit individual strength in driving for result.

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SOCIAL COMMITMENT

Succession Planning (Cont'd)

On cultivating a conducive working environment, the Group Human Resource Department has conducted 2024 Christmas Party for the head-quarter's employees and leading the organization role for Kobay Grand Dinner celebrating for the Group's 40th Anniversary on 11 January 2025. Both events have successfully conducted with joy and laughter where those marked sweet memories to all participants.

HQ Christmas Party



Group's 40th Anniversary Dinner at SPICE Arena



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STAKEHOLDER ENGAGEMENT

Kobay has various stakeholder groups and the key stakeholder group includes of shareholders, investors, financiers, government agencies and regulators, customers, vendors, employees, non-governmental organizations, media and community as a whole. They are individual who have different level of influences over the business of Kobay.

Kobay Group strives to maintain various channel to communicate with respective stakeholder either formally or informally. We acknowledge that frequent interactions with stakeholders will enable us to identify material issues in connected thereto hence providing the Group an insight of opportunities and alert us on the risk embedded in our business operation.

Kobay has also maintained a website and user can drop an email to respective personnel via the platform. Senior management who are responsible for the respective function have been disclosed in page 20 - 21 of our Annual Report 2025.

MOVING FORWARD

Kobay is committed to achieve sustainability required under the Listing Requirements of Bursa Malaysia Securities Berhad [paragraph 9.45(2), paragraph (29) and Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)].

We take note of the United Nation's 17 Sustainable Development Goals as the foundation for Sustainable Development targeted to be achieved in year 2030.

We recognized the impact of our business decision onto the surrounding environment and communities where our businesses operate. We are committed to integrate Economic, Environmental and Social sustainability issues into our business operations while attaining continuous growth and profits in a safe and healthy environment.

We will continue to collect feedback from and listen to our stakeholders via various platform to engage closely with them so to identify their needs in our aspiration to be the most preferred employer and the esteem supplier to customers.

We will continue to uphold standards of transparency, accountability and integrity in managing the organization and provide clear leadership and vision to our stakeholders in the pursuit of service excellence. We believe sustainable development is not the responsibility of governments alone. We will continue to lead our organization, our people and the community with good business governance.

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ESG KPIs DATA

Sustainability Report	Unit	FY2023	FY2024	FY2025	Remarks
FINANCIAL RELATED KPIS					
Economic Performance					
Economic Value Generated (Revenue)	MYR (million)	313	330	342	The unfavourable performance was due to audit adjustment for FY2025
Economic Value Distributed (OPE)	MYR (million)	277	308	327	
Economic Value Retained (PAT/LAT)	MYR (million)	26	14	-15	
NON-FINANCIAL RELATED KPIS					
Climate Change					
Total energy consumption	MW	N/A	14	14	
Scope 1 emissions in tonnes of CO2e/ Scope 1 GHG emissions (tCO2e/year)(Fuel)	tCO2e	N/A	145	101	Reclass to Scope 1 due to wrongly inserted to Scope 2 in 2024 Annual Report
Scope 2 emissions in tonnes of CO2e/ Scope 2 GHG emissions (tCO2e/year)(TNB)	tCO2e	N/A	7771	11757	There was one new manufacturing facilities set up in the month of May resulting the increase in the consumption
Scope 3 emissions in tonnes of CO2e (ie employee commuting/business travel)	tCO2e	N/A	4	0	The Company is aware of the disclosure timeline governed by Bursa and is working with the Human Resource Department after the change of the HR system
% of operations powered by renewable energy	%	N/A	N/A	11.5	This data collected has included 2 solar panel installed in 2 separate manufacturing plant respectively commissioned in 3rd and 4th financial quarter.
Water Management					
Total volume of water used (1megalitre = 1000 m3)	Megaliters	N/A	112.06	152.11	The increase in volume of water used mainly due to increase in surface treatment activities, 1 new manufacturing facilities set up and also inclusion of assets management group data collection.
Waste Management					
(i) Total waste derived from disposal (recycle)	Metric tonne	N/A	410	1092	
(a) metal waste	Metric tonne	N/A	404	1074	Increase in metal waste was mainly due to increase in manufacturing activities for which this is recyclable
(b) paper waste	Metric tonne	N/A	6	17	
(c) liquid waste (waste water etc)	m3	N/A	0	10	
(ii) Total waste directed to disposal/ % single-use plastic reduction over purchase value	Metric tonne	N/A	0	0	
Number of supplier/customer implementing packaging reduction	Number	N/A	N/A	10	
Raw Material					
Total weight or volume of materials that used to produce and package products and services	Metric Tonne	N/A	N/A	4336	The data mainly collected for 2 core manufacturing subsidiaries hence it is not representing the entire group consumption
% of waste recycled vs purchase sum (metal/paper/plastic/liquid waste)	%	N/A	N/A	0.2	
Sustainable Sourcing Practices					
Number of suppliers ESG-audited annually	Number	N/A	N/A	0	
Value spend on local/ethical sourcing	RM000s	N/A	N/A	97145	
% renewable/raw sustainable materials used	%	N/A	N/A	20%	
Number of supply chain ESG violations and resolution time	Number	N/A	N/A	0	
Supply Chain Management					
Proportion of spending on local suppliers/vendors	%	N/A	70%	77%	
New suppliers/vendors that were screened using ESG criteria	%	N/A	N/A	12	
No of new suppliers/vendors assessed on ESG impacts	Number	N/A	N/A	0	
Number of suppliers signed Code of Conduct	Number	N/A	N/A	19	
Number of non-compliance and corrective action provided with the timeframe	Number	N/A	N/A	0	
Renewable Energy Adoption Strategy					
% of energy sourced from renewables	%	N/A	N/A	16%	
Total renewable energy generated (kWh)	kWh	N/A	N/A	756328	
Number of green-certified buildings	Number	N/A	N/A	0	
Reporting and Transparency Measures					
Frequency of ESG report per year	Number	N/A	N/A	0	
Third-party assurance rating	%	N/A	N/A	0	
ESG performance score (from rating agencies/financial institution)	%	N/A	N/A	0	
Stakeholders accessibility and report download rates	Number	N/A	N/A	0	
Breaches of corporate policies inclusive whistleblower cases received and timeline of 90days for closure as KPI tracked.	Number	N/A	N/A	0	
% of operations audited for ESG compliance	%	N/A	N/A	0	
Cybersecurity & Data Protection					
Number of complaints concerning breaches in customer privacy or losses of customers	Number	0	0	0	
Corruption Risk					
Corruption Risk Assessment Conducted	Number	N/A	N/A	28	
Code of Conduct Training (inclusive of Anti-Corruption)					
Management	%	N/A	45%	26%	
Executive	%	N/A	8%	61%	
Non-executive/Technical Staff	%	N/A	50%	16%	

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ESG KPIs DATA (CONT'D)

Number of corruption incident/(s)	Number	0	0	0	
Health & Safety					
Number of employees trained in health & safety standards	Number	724	1694	1195	
Number of work-related fatalities	Number	0	0	0	
Lost time incident rate (LTIR)	Rate	2.32	2.58	2.77	
Total Hours worked	Hours	708970	1525170	1531583	
Number of lost time injuries	Number	0	3	1	
Social Impact Assessment					
Human Rights					
No. of substantiated complaints concerning human rights violation/ Human rights grievance reports and resolution rate	Number	0	0	0	
Impact score – training hours provided	Hours	0	0	0	
Gender and inclusivity index metrics					
Diversity, Equity and Inclusion					
Percentage of employees by gender and age group by employee category					
<i>Gender group by employee</i>					
- Management – male	%	8%	8%	7%	
- Management – female	%	4%	4%	4%	
- Executive – male	%	14%	13%	15%	
- Executive – female	%	9%	9%	9%	
- Non-executive/technical staff – male	%	38%	32%	23%	
- Non-executive/technical staff – female	%	6%	7%	7%	
- General workers – male	%	17%	25%	32%	
- General workers – female	%	3%	3%	2%	
<i>Age group by employee category</i>					
- Management – under 30	%	1%	0.02%	0%	
- Management between 30-50	%	7%	7%	7%	
- Management – above 50	%	4%	4%	4%	
- Executive – under 30	%	5%	4%	5%	
- Executive between 30-50	%	16%	16%	16%	
- Executive – above 50	%	3%	2%	4%	
- Non-executive/technical staff – under 30	%	24%	17%	17%	
- Non-executive/technical staff between 30-50	%	18%	19%	14%	
- Non-executive/technical staff – above 50	%	3%	2%	3%	
- General workers – under 30	%	8%	12%	13%	
- General workers between 30-50	%	11%	15%	18%	
- General workers – above 50	%	1%	5%	1%	
<i>Percentage of Directors by gender and age</i>					
- Male	%	67%	67%	57%	
- Female	%	33%	33%	43%	
- Under 30	%	0%	0%	0%	
- Between 30 – 50	%	50%	17%	57%	
- Above 50	%	50%	83%	43%	
Community Investment					
Total amount invested to external beneficiaries to the listed issuer (community)	MYR	N/A	16700	28000	
Total number of beneficiaries of investment in communities	Number	N/A	N/A	1	Unable to quantify the beneficiaries for the sponsorship or co-organizer for talk, event and microfilming that generally for the community as a whole.
Employees participated in community impact programmes	Number	N/A	20	15	Voluntarily participation of our employees
Total hours spent on community impact programmes	Hours	N/A	80	60	
Customer Satisfaction					
Number of customer engaged yearly on survey	Number	N/A	N/A	35	
Customer satisfaction index (from annual survey)	%	N/A	N/A	80%	
% customer feedback integrated into ESG decisions	%	N/A	N/A	39%	
QLASSIC score for Property Development	%	85% (Phase 2 TRLL)	N/A	N/A	Currently we are constructing Affordable home in Penang Island benefiting Penangites and no evaluation done on the said project yet.
Employee Management					
Total hours of training by employee category					
- Management	Hours	2607	908	413	
- Executive	Hours	2127	2458	637	
- Non-executive/Technical Staff	Hours	2008	2098	196	
- General Workers	Hours	396	965	0	
Total number of employee turnover by employee category					
- Management	Number	30	39	20	
- Executive	Number	79	51	38	
- Non-executive/Technical Staff	Number	166	181	45	
- General Workers	Number	71	29	158	
Average training per hours per employee	Hours	78	136	9	
Total new hires	Number	323	246	79	
New hire rate	%	27%	38%	9%	
Turnover rate	%	21%	32%	14%	

Notes :-

- 1) The data collected mainly covering the core manufacturing group, hospitality and assets management group. The Pharmaceutical group does not commenced any tracking of ESG KPIs except conducting activities on CSR.
- 2) We have expanded our tracking this year with more KPIs covered
- 3) N/A = Not available

Statement on Risk Management and Internal Control

The Board of Directors (“the Board”) affirms its responsibilities in establishing a sound risk management framework and internal control system, constantly reviewing their adequacy and integrity to safeguard stakeholders’ interests and company’s resources. The Board is fully aware that risk management and internal control system cannot eliminate totally the risk of failure in achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. This Statement will address the Group’s approach in risk management and internal control, taking note the principles, intended outcome and practices as set out in Malaysian Code on Corporate Governance. The preparation of this Statement is also guided by “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”)” endorsed by Bursa Malaysia Securities Berhad pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements.

Risk Management

The Board has formalised and adopted a Risk Management Framework (“Framework”) which documented down the approach, commitment, practices, policies and procedures to be applied in the Group on risk management and for communicating to all levels of management. The Framework is developed by reference to guidance provided in the Guidelines. To achieve the Group’s objectives and goals, in ensuring business sustainability and continuity, the Board is committed to articulate risk management into Group’s culture and day to day activities, implement a formalised risk management practices in its strategic planning, organisation structure, operation procedures, management processes and internal control systems.

As an on-going process, business risks faced by the Group are reviewed yearly by management to identify, assess their likelihood and impact and come out with action plans to manage and mitigate the risks. Risk management activities are applied to strategic business units in Kobay Group covering Manufacturing Division, Property/ Project Development Division and Pharmaceutical & Healthcare Division. The Framework provides guidance and methods to identify, analyse, evaluate and manage risks. It also provides the acceptable risk tolerance & appetite levels, planning & execution timetable, managing processes & information flow and responsible bodies to monitor and report on effectiveness of risk management activities carried out.

On risk management accountability structure, the key components are as follows:

Board of Directors (“the Board”)

The Board’s role is to establish a sound framework to manage risk. The Board has set in the Framework the level of risk tolerance and appetite in assessing business risks faced by the Group and safeguard stakeholders’ interests and Group’s resources. Risk appetite measured by loss tolerance level in monetary value has been formally defined in the Framework for application in risk assessment and management.

For effective implementation and management, the Board has delegated its review process role on risk management to Audit and Risk Management Committee (“ARMC”). However, the Board as a whole still maintain the execution role and responsible for all the actions of ARMC.

Audit and Risk Management Committee (“ARMC”)

The Audit Committee of the Board has been designated as Audit and Risk Management Committee in 2013, to be more reflective of its functional role in audit and risk management.

ARMC assists the Board in fulfilling its risk management oversight role. ARMC reviews Risk Management Report presented by management quarterly on updates of risk management activities carried out on items identified as high risk during strategic planning process and encountered during the financial year. ARMC is also provided with Internal Audit Report yearly on review of risk management activities carried out in the Group. Results of the review activities by ARMC are reported in Board’s meetings.

... Statement on Risk Management and Internal Control

Management

Executive Committee ("EXCO") that consists of Executive Directors of the Board and Chief Operating Officers spearheads risk management activities' implementation in the Group. EXCO acts as Management Committee of risk management and reports risk management activities and matters of high or extreme risk level and their mitigation actions to ARMC on quarterly basis.

In business operations, the Chief Operating Officer ("COO") and Head of Strategic Business Group and Functional Units ("SBG Head") are responsible for risk management within respective strategic business and functional units. Their responsibilities include develop and implementing a sound system of risk management to identify, assess, monitor and manage major risks that may have impacts on achieving Group's business objectives.

For accountability, Head of Strategic Business Unit ("SBU Head") takes charge of compliance and monitoring roles at individual business units. The business unit's line managers at all management levels are responsible for adoption and implementation of risk management practices as guided by the Framework and monitor the results of risk management activities relevant to their areas of responsibility.

Risk Identification, Evaluation and Management

The Group's risk coverage is divided into three areas, namely strategic & operational, financial and regulatory compliance. To evaluate risk, individual risk item is measured based on scoring of its likelihood in terms of probability and monetary value of the consequence. The calculated risk value is compared against a pre-defined Risk Matrix Table prescribed in Framework to determine the risk level for each of the item, ranging from low to extreme risk. The risk level identified will determine which level of management is to manage and monitor the progress of risk management activities carried out.

To identify and evaluate strategic & operational risks faced by the Group, yearly strategic planning sessions attended by EXCO and operations management are held before beginning of new financial year. The Kick-Off meeting for Financial Year 2026 Strategic Plan commenced in January 2025. The Chief Executive Officer and senior management held brain-storming sessions to evaluate current business environment, competition landscape and sustainability issues, to identify key risks faced by Group's businesses and determined the Group's directions and expectations going forward.

At business operation level, with the guidance set by Group Corporate Strategic Plans & Goals, respective strategic business and functional units' SBG Head performed SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis on operation environment, industry trends, capabilities, past performances to develop its strategic plan encompassing business direction, strategy, focus and expectations. Based on Strategic Business Group's strategic plan, SBU Head and line management prepared individual business unit's strategic plan, covering in details of planned activities, goals set, key performance indicators for guiding, measuring and monitoring performance and annual budget.

Meetings were conducted between EXCO, SBG Head and SBU Head to discuss, review and buy-off the annual strategic plans, goals, key performance indicators and budget. Buy-off of Financial Year 2026 Strategic Plan by EXCO was completed in June 2025.

As for financial and regulatory compliance risks, risk assessments are carried out by SBU Heads and Group Accountants at individual business unit level via Risk Assessment Forms. Risk assessment is done by way of questionnaires which systematically assess currently known risks guided by past records in risk register and any emerging risks foreseen.

For managing and monitoring risks, meeting agenda is set in quarterly held Operations Review Meeting for SBG Heads to report to EXCO on risk issues and current business situations that warrant risk management, their impacts or likely impact to the business units in achieving business objectives. Remedy actions taken to address high risk items identified during strategic planning process and the progress of planned risk management activities carried out in individual business units were reported to ARMC by EXCO on quarterly basis.

The Chief Executive Officer and Vice President - Corporate Planning/Finance have provided a written assurance to the Board on 24 October 2025 stating that the Group's risk management and internal control system are operating adequately and effectively for the current financial year under review and up to the approval date of this Statement for inclusion in Annual Report.

... Statement on Risk Management and Internal Control

Internal/ External Audit

Internal Audit is tasked with the responsibility to evaluate the effectiveness and efficiency of risk management activities carried out and in compliance with the Group's laid-down practices and procedures in the Framework. A review is to be conducted once in a year with the outcome reported to ARMC. Internal Audit Department has carried out the annual review on Group's risk management activities for FY2025 and reported in August 2025 ARMC meeting.

The External Auditors review the Statement on Risk Management and Internal Control and report the results thereof to the Board on annual basis. The External Auditors have reviewed the Statement for financial year ended 30 June 2025, which is included in the Annual Report, as guided by Audit and Assurance Practice Guide 3 issued by Malaysian Institute of Accountants. Based on the review, nothing has come to their attention that caused them to believe that the Statement is not prepared in all material respects, in accordance with the disclosures to be set out as required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

Internal Control System

On the Group's systems of internal control that manage risks to achieve established goals and provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, the internal control systems' key elements are described below: -

- Formal Group Organisation Structure defines clearly the line of reporting and hierarchy of authority in alignment with Group's core activities that are managed by segregation into different strategic business groups.
- Group Policies and Procedures Manuals on Financial, Human Resource and Sales and Operations are adopted and laid down the objectives, scopes, policies and operating procedures to be complied by business units.
- Clearly defined authorisation limits at various management levels are set out in a Financial Authority Matrix for controlling and approving capital and revenue expenditures.
- Budgetary control system in place to establish responsibilities and accountabilities of each business unit in term of resources employed, control over costs and expenses and for measuring overall financial performance. The yearly budget of business unit is approved by the EXCO.
- Individual companies with active business operations hold monthly management meeting to review the financial performance, business overview, direction and development with Chief Operating Officer and Head of Strategic Business Group. They are then presented to operation review meeting with corporate management.
- EXCO consists of Executive Directors and Chief Operating Officers hold weekly meeting to discuss, approve and resolve any major issues arising from business operations and corrective action plans.
- Internal Audit Department is established and report directly to ARMC and assigned with tasks to assist ARMC in discharging its duties and responsibilities.
- Regular internal audit visits to business units are carried out by Internal Audit Department to ensure compliance of Group Policies and Procedures and to examine effectiveness and efficiency of operations' internal control systems.
- Internal control issues noted by Internal Audit Department are tabled for discussion and resolution in business unit's monthly management meeting and presented in operation review meeting at corporate level. Improvements in existing policies and procedures or implementation of new policies and procedures are carried out when needed to keep in pace with the evolving business environment.
- ARMC and Board of Directors hold quarterly meeting to discuss internal audit reports, periodic financial statements and issues that warrant the Committee's and Board's attentions.

For the year under review, the Board confirms that there is an on-going process of identifying, evaluating and managing significant risks faced by the Group and reviewing internal control systems to safeguard stakeholders' interests and Group's assets. The Group's system of internal controls is in place and functioning, continuous efforts being taken to strengthen and improve the Group's internal control environment.

The Board is satisfied with the adequacy, integrity and effectiveness of the Group's risk management framework and its internal control systems. There was no material internal control system failure nor has any reported weaknesses resulted in material losses or contingencies that would require mention in the Annual Report for the financial year under review.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 October 2025.

Audit and Risk Management Committee Report

COMPOSITION AND DESIGNATION

Members of the Committee

1. **Lim Siew Wee**
Chairman, Senior Independent and Non-executive Director
(Appointed on 19 March 2025)
2. **Koay Cheng Lye**
Non-Independent and Non-executive Director
3. **Koay Pei Feng**
Independent and Non-executive Director
(Appointed on 19 March 2025)
4. **Lee Kooi Hoon**
Chairman, Senior Independent and Non-executive Director
(Resigned on 19 March 2025)
5. **Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil**
Independent and Non-executive Director
(Resigned as member of the Committee on 19 March 2025)

Secretaries to the Committee

1. **Chan Mun Shee** (MAICSA 7003071)
2. **Wong Mee Choon** (MACS 01562)

TERMS OF REFERENCE

The Terms of Reference for Audit and Risk Management Committee ("Committee") is published at Kobay website, www.kobaytech.com.

MEETINGS

The Committee met five times in financial year ended 30 June 2025. The meetings were convened in a structured manner by formal notice of meeting. Meeting agenda and reports were sent to Committee members at least 7 calendar days before the meeting date. Committee Secretary recorded the meeting minutes, confirmed by Committee Chairman and tabled in subsequent meeting for adoption. Vice President - Corporate Finance, Group Accountant, Head of Internal Audit and External Auditors were invited to attend the meetings to provide insights and advice on reports discussed.

Details of meeting attendance were as follows:

Name of Committee Members	Attendance
Lim Siew Wee (appointed on 19 March 2025)	1/5
Koay Cheng Lye	5/5
Koay Pei Feng (appointed on 19 March 2025)	1/5
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil (resigned as member of the Committee on 19 March 2025)	4/5
Lee Kooi Hoon (resigned on 19 March 2025)	4/5

... Audit and Risk Management Committee Report

SUMMARY OF WORK

During the financial year, the Committee had:

1. Reviewed with External Auditors the Audit Review Memorandum for financial year ended 30 June 2024 audit. It covered on status of audit on financial statements and annual report, comparison of results between audited results and announced results and expected audit opinion. There were no management judgments and estimates items highlighted that affecting financial statements.
2. Reviewed quarterly unaudited results with Vice President - Corporate Planning/Finance and obtained clarifications before submission to Board for consideration and approval for the purpose of announcement to Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The financial statements for financial year ended 30 June 2024 were reviewed and submitted to Board for consideration and approval for the purpose of announcement to Bursa Malaysia and inclusion in Annual Report.
3. Reviewed Internal Auditor Report on Group's risk management activities carried out in financial year ended 30 June 2024 on compliance with policies and procedure as stated in Group Risk Management Framework.
4. Reviewed Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report for adoption and disclosure in 2024 Annual Report.
5. Reviewed Quarterly Internal Audit Department Report on audit activities carried out by Internal Auditor. Committee members discussed and adopted the audit reports issued to management that covered on audit findings, management's corrective actions and status of implementation.
6. Reviewed Quarterly Report presented by Internal Auditor on related party and recurrent related party transactions transacted in Kobay Group. Related party transactions were reviewed for compliance with reporting and approving procedures in accordance with shareholders' mandate for recurrent related party transactions, Bursa Malaysia Listing Requirements and any conflict-of-interest situation arisen.
7. Reviewed Quarterly Risk Management Report presented by Vice President - Corporate Planning/Finance on behalf of Executive Committee on risk management activities. Activities carried out in the quarter and progress update on high risk items identified in annual risk management review were reported to the Committee.
8. Reviewed performance and work carried out by External Auditors, Messrs. BDO on their suitability, objectivity and independence before recommendation of re-appointment in the coming year. The review criteria are based on External Auditors Policy which is published at Kobay website.
9. Reviewed External Auditors' Audit Planning Memorandum for financial year ending 30 June 2025 presented by Messrs. Crowe Malaysia PLT. It covered on responsibilities of directors and auditors, audit approach, materiality and performance materiality, areas of significant audit attention, engagement team, reporting & deliverables, ethical requirements including independence, listed issuers updates and transparency report.
10. Adopted Internal Audit Plan for financial year ended 30 June 2026 presented by Internal Auditor. The planned audit activities are based on risk-based approach with audit emphasis on core business units and audit areas covered are determined by respective unit's key risk areas, business nature and past audit experience. The audit plan includes review on Group's related party transactions and risk management activities.
11. Reviewed Semi-annual Returns before submission to Board for approval for the purpose of submission to Bursa Malaysia.
12. Held two dialogue sessions in August 2024 and May 2025 with the external auditors and internal auditor to discuss on any issues affecting them in discharging their duties and responsibilities without the presence of Executive Directors. There was no major area of concern highlighted by the auditors that warrant the Committee attention and further elaboration.

... Audit and Risk Management Committee Report

INTERNAL AUDIT FUNCTION - SUMMARY OF WORK

The Company has an Internal Audit Department, which reports directly to the Committee and assists in discharging its functions and duties. The internal audit function is independent of operational activities and has its own service charter to ensure the internal audit activities are performed with impartiality, proficiency and due professional care. The costs incurred for internal audit function in financial year ended 30 June 2025 amounted RM144,663.

During the financial year, Internal Audit Department has carried out the following activities:

1. Conducted compliance, operational and financial audits covering Group Policies and Procedures Manual and internal control systems.

The audit works conducted at Manufacturing Division's business units were on inventories management, procurement, assets and spare parts management, compliance of scrap disposal process flow, tool room management, fixed assets sighting, foreign exchange management, receivables management, compliance of Enterprise Resource Management System's production process flow, resigned employee's user access right deactivation and purchase pricing edit control.
2. Issued audit reports to business units' management on audit findings and obtained their corrective actions. The audit reports were tabled for adoption in business unit's management meeting and in operations review meeting at corporate level with senior management. They were also tabled at quarterly Committee meeting for notation.
3. Conducted follow-up audits to ensure corrective actions on audit findings noted in internal and external auditors' reports are practised in business operations.
4. Reviewed related party and recurrent related party transactions transacted in Kobay Group on quarterly basis and reported to Committee.
5. Reviewed risk management activities carried out in Kobay Group on adequacy and compliance with Group Risk Management Framework's laid down policies and procedures and reported to Committee.

Directors' Responsibilities Statement

DIRECTORS' RESPONSIBILITIES STATEMENT

Pursuant to Chapter 15 to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") wishes to issue a statement explaining their responsibilities for preparing the annual audited financial statements.

Pursuant to the Companies Act 2016 and the relevant regulations, the Board has prepared the financial statements which give a true and fair view of the state of affairs, its result and cash flows of the Company and the Group. In preparing the financial statements, the Directors have:-

- considered and selected relevant accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that the applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Board is responsible for ensuring that proper accounting records is kept of which financial position of the Company and the Group were disclosed with reasonable accuracy at any time.

The Board of Directors has generally taken such steps that are reasonably available to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Board has reviewed the content/disclosure of this Annual Report inclusive of the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report and approved this Annual Report for dissemination to all shareholders.

The Statement is made in accordance with the resolution of Board of Directors dated 27 October 2025.

Additional Compliance Information

UTILISATION OF PROCEEDS

On 26 November 2021, the Company had completed the First Tranche of the private placement exercise which involves the issuance of 19,900,000 placement shares, raising a total of RM110.45 million.

As of LPD, the status of utilization of proceeds raised from the Private Placement is as follows:-

No.	Purpose	Proceeds from 1 st Tranche (RM mln)	Revise Utilisation of Proceeds (RM mln)	Actual Utilisation (RM mln)	Balance Unutilised (RM mln)	Estimated timeframe for utilisation
1	Setting up new aluminium manufacturing plant for the Group's manufacturing division	60.00	(20.74)	(39.26)	-	
2	Partial repayment of bank borrowings	50.00	-	(50.00)	-	
3	Working capital for the Group's manufacturing division	-	20.74	(20.74)	-	
4	Estimated expenses	0.45	-	(0.45)	-	
	Total	110.45	-	(110.45)	-	

AUDIT AND NON-AUDIT FEES

For the financial year under review, the amount of audit fees paid or payable to the Group's external auditors amounted to RM55,000 and RM457,500 respectively for the Company and the Group. Other than the RM5,000 of non-audit fees paid by the Company to the Group's external auditors, there is no other non-audit fees be paid or payable to the external auditors.

MATERIAL CONTRACTS

There are no material contracts of the Company and its subsidiaries being entered into for which involving the interest of the Directors, Chief Executive who is not a Director or major shareholders since the end of the previous financial year and still subsisting at the end of the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Para 10.09(2)(b), the Company had obtained a general mandate from the shareholders to enter into the recurrent related party transactions of a revenue and trading nature in its 30th Annual General Meeting held on 29 November 2024.

The Company herein disclosed the general mandate approved by the shareholders herein under paragraph 3.1.5 of the Practice Note 12, the type, the names of the related parties involved in each type of the recurrent related party transaction made, their relationship with the listed issuer and the aggregate value of the recurrent related party transactions conducted during the financial year ended 30 June 2025 are listed below.

Companies within the Kobay Group	Transacting parties	Interested parties	Nature of transactions	Amount transacted during the financial year (RM)
PMI	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	345,280
PPC	UA	Dato' Seri Koay Hean Eng & person connected	Purchase of aluminum and other materials	1,035,200
Kobay UA	PenAI	Dato' Seri Koay Hean Eng & person connected	Rendering of manufacturing service	3,506,071

Note :

PMI - Paradigm Metal Industries Sdn. Bhd.

PPC - Paradigm Precision Components Sdn. Bhd.

UA - UA Materials Sdn. Bhd.

PenAI - PenAI Industries Sdn. Bhd.

EMPLOYEES SHARE OPTION SCHEME

The Company's Employees Share Option Scheme has been approved by the members during the Extraordinary General Meeting held on 9 December 2015 and became effective on 19 April 2016 and shall be valid for a duration of 10 years from the effective date.

There are no options being granted to any employees of the Group since implementation during the financial year ended 30 June 2025.

Financial Report

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2025.

Principal activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities and other details of the subsidiaries are disclosed in Note 8 to the financial statements.

Results

	Group RM	Company RM
(Loss)/Profit for the financial year attributable to:		
- Owners of the Company	(15,176,456)	7,125,792
- Non-controlling interests	(4,740,186)	0
	<u>(19,916,642)</u>	<u>7,125,792</u>

Dividends

No dividends were recommended, declared or paid by the Company since the end of the previous financial year.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares or debentures

The Company did not issue any shares or debentures during the financial year.

Share options

The Company did not grant any share options during the financial year.

Bad and doubtful debts

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

Current assets

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

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

... Directors' Report

Valuation methods

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

Contingent and other liabilities

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

- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

Change of circumstances

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

Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature except for impairment losses of RM22,477,133 on goodwill and RM7,856,459 on trademark as disclosed in Note 7 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Directors

The names of directors who served during the financial year and up to the date of this report are as follows:

Dato' Seri Koay Hean Eng	
Koay Cheng Lye	
Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil	
Koay Wooi Seong	
Koay Zee Ee	
Lee Kooi Hoon	(resigned on 19 March 2025)
Lim Siew Wee	(appointed on 19 March 2025)
Koay Pei Feng	(appointed on 19 March 2025)

... Directors' Report

Directors (continued)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:

Koay Wooi Tatt
 Chan Mun Shee (alternate to Koay Zee Ee; alternate to Dato' Seri Koay Hean Eng on 18 August 2025)
 Yee San Khien
 Koay Wei Keong
 Chong Huei Shin
 Tee Yee May
 Tan Kim Fah
 Lim Beng Cheong
 Chan Bee Luang
 Dennycia Koay Zee Wei
 Chin Wai Foong
 Ho Pei Si
 Lim Lai Choo (alternate to Ho Pei Si)

Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:

Name of director	Number of ordinary shares					
	Direct interest				Deemed interest	
	Balance at 1.7.2024/*	Bought	Sold	Balance at 30.6.2025	Balance at 1.7.2024	Balance at 30.6.2025
Dato' Seri Koay Hean Eng	0	0	0	0	109,048,940 ^(a)	119,320,084 ^(a)
Koay Cheng Lye	0	0	0	0	14,783,507 ^(a)	14,783,507 ^(a)
Koay Zee Ee	0	0	0	0	109,048,940 ^(a)	119,320,084 ^(a)
Koay Wooi Seong	0	0	0	0	10,163,594 ^(a)	12,698,894 ^(a)
Koay Pei Feng	240,650	0	0	240,650	0	0

* *date of appointment*

^(a) *Deemed interest by virtue of shares held by companies in which the directors have interests*

By virtue of their interests in shares in the Company, Dato' Seri Koay Hean Eng and Koay Zee Ee are also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 33 to the financial statements.

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

... Directors' Report

Directors' remuneration

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	From the Company RM	From subsidiaries RM	Total RM
Fees	66,424	5,000	71,424
Other short-term employee benefits	594,879	722,147	1,317,026
Defined contribution plans	23,097	85,565	108,662
	<u>684,400</u>	<u>812,712</u>	<u>1,497,112</u>

Indemnity and insurance for directors and officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

Subsidiaries

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 8 to the financial statements.

Auditors

The auditors, Crowe Malaysia PLT, have expressed that they are not seeking re-appointment.

The auditors' remuneration of the Group and of the Company for the financial year were RM457,500 and RM55,000 respectively.

Signed in accordance with a resolution of the directors dated 27 October 2025

Dato' Seri Koay Hean Eng

Koay Zee Ee

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 77 to 148 give a true and fair view of the financial position of the Group and the Company as at 30 June 2025 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the directors dated 27 October 2025

Dato' Seri Koay Hean Eng

Koay Zee Ee

Statutory Declaration

I, Dato' Seri Koay Hean Eng (NRIC no. 581127-07-5439), being the director primarily responsible for the financial management of Kobay Technology Bhd., do solemnly and sincerely declare that the financial statements set out on pages 77 to 148 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Dato' Seri Koay Hean Eng at George
Town in the State of Penang on this 27 October 2025

Dato' Seri Koay Hean Eng

Before me

Shamini A/P M Shanmugam
No. P157
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Kobay Technology Bhd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kobay Technology Bhd., which comprise the statements of financial position as at 30 June 2025 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 77 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2025, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of goodwill and trademark (Refer to Notes 3 and 7 to the financial statements)</u> The Group carries significant goodwill and trademark. Irrespective of whether there is any indication of impairment, goodwill and trademark are tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.	Our audit procedures included, among others: • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analyses to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

... Independent Auditors' Report

Key audit matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<u>Property development activities (Refer to Notes 3 and 10 to the financial statements)</u> For property development in progress, the Group recognises revenue over time by measuring the progress towards complete satisfaction of the performance obligation. Property development costs are also recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. These procedures involve judgements in estimating the total costs and outcome of the development activity based on past experience, work of experts and continuous monitoring mechanism.	Our audit procedures included, among others: • Reviewing contracts with customers to identify distinct and material performance obligations and evaluating the reasonableness of the estimated selling prices of unsold development units by comparing them with actual transacted selling prices. • Reviewing the project budgets and evaluating the reasonableness thereof by examining supporting documentation such as contracts, letters of award, variation orders, quotations, etc. • Verifying major costs incurred to supporting documentation such as contracts, progress claims, invoices, architect certifications, etc. • Checking the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considering the implications of identified errors and changes in estimates. • Assessing the potential impact of liquidated ascertained damages by reviewing relevant contractual terms, project timelines, completion status, and management's assessment of possible exposure.
<u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u> The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.	Our audit procedures included, among others: • Obtaining an understanding of: • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof. • Reviewing the subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix. • Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

... Independent Auditors' Report

Information other than the financial statements and auditors' report thereon (cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

... Independent Auditors' Report

Auditors' responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and the Company of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The financial statements of the Group and the Company for the financial year ended 30 June 2024 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 28 October 2024.

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Kuala Lumpur

Date: 27 October 2025

Onn Kien Hoe

01772/11/2026 J

Chartered Accountant

Consolidated Statement of Financial Position

As At 30 June 2025

	Note	30.6.2025 RM	30.6.2024 RM (Restated)	1.7.2023 RM (Restated)
Non-current assets				
Property, plant and equipment	4	155,325,872	138,670,923	143,574,605
Investment properties	5	10,868,088	11,178,227	11,495,944
Right-of-use assets	6	45,296,368	41,044,021	38,542,754
Intangible assets	7	24,362,100	53,099,554	42,448,506
Other investments	9	2,829,831	1,248,048	298,613
Inventories	10	64,408,158	58,613,972	65,325,097
Receivables	11	6,665,674	7,033,935	7,473,042
		<u>309,756,091</u>	<u>310,888,680</u>	<u>309,158,561</u>
Current assets				
Inventories	10	155,624,917	150,964,375	144,481,521
Receivables	11	74,409,574	71,787,551	62,893,894
Contract costs	12	222,099	10,186	0
Contract assets	13	10,870,332	0	0
Derivatives	14	1,038,551	586,290	5,100
Prepayments		7,028,448	10,032,013	5,446,284
Current tax assets		9,369,584	7,977,130	4,704,279
Cash and cash equivalents	15	53,488,288	57,942,781	47,582,580
		<u>312,051,793</u>	<u>299,300,326</u>	<u>265,113,658</u>
Current liabilities				
Contract liabilities	13	384,230	2,167,848	1,275,720
Derivatives	14	56,200	4,200	97,404
Payables	16	64,444,878	58,924,304	53,746,355
Put option liability	17	4,978,449	4,833,628	0
Loans and borrowings	18	110,572,712	84,528,986	57,945,624
Hire purchase payables	19	66,178	45,759	43,817
Lease liabilities	20	3,971,177	5,135,655	1,901,326
Government grants	21	31,708	31,708	156,213
Current tax liabilities		1,994,894	2,699,979	1,764,608
		<u>186,500,426</u>	<u>158,372,067</u>	<u>116,931,067</u>
Net current assets		<u>125,551,367</u>	<u>140,928,259</u>	<u>148,182,591</u>
Non-current liabilities				
Payables	16	13,425,524	13,352,777	15,736,952
Loans and borrowings	18	30,636,668	31,410,098	37,838,063
Hire purchase payables	19	87,927	102,030	147,789
Lease liabilities	20	10,312,079	4,029,971	3,435,033
Government grants	21	108,333	140,042	171,750
Deferred tax liabilities	22	11,812,310	12,371,237	11,771,373
		<u>66,382,841</u>	<u>61,406,155</u>	<u>69,100,960</u>
Net assets		<u>368,924,617</u>	<u>390,410,784</u>	<u>388,240,192</u>
Equity				
Share capital	23	210,917,984	210,917,984	210,917,984
Treasury shares	23	(9,522,642)	(9,522,642)	(9,522,642)
Capital reserve	24	1,550,000	1,550,000	1,550,000
Put option reserve	17	(4,833,628)	(4,833,628)	0
Retained profits		161,242,070	176,418,526	171,436,605
Equity attributable to owners of the Company		<u>359,353,784</u>	<u>374,530,240</u>	<u>374,381,947</u>
Non-controlling interests	25	9,570,833	15,880,544	13,858,245
Total equity		<u>368,924,617</u>	<u>390,410,784</u>	<u>388,240,192</u>

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

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 30 June 2025

	Note	2025 RM	2024 RM (Restated)
Revenue	26	341,927,292	330,445,153
Cost of revenue		(259,129,328)	(251,335,152)
Gross profit		82,797,964	79,110,001
Other income		13,072,093	5,567,632
Administrative and general expenses		(88,303,143)	(48,999,615)
Selling and distribution expenses		(9,454,675)	(7,520,440)
Finance costs		(8,224,638)	(6,128,747)
Impairment losses on financial assets	27	(448,088)	(1,411,598)
Loss on derecognition of financial assets measured at amortised cost		(92,692)	(33,787)
(Loss)/Profit before tax	28	(10,653,179)	20,583,446
Tax expense	29	(9,263,463)	(9,505,467)
(Loss)/Profit for the financial year		(19,916,642)	11,077,979
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		(19,916,642)	11,077,979
(Loss)/Profit (representing comprehensive income) for the financial year attributable to:			
- Owners of the Company		(15,176,456)	13,673,912
- Non-controlling interests	25	(4,740,186)	(2,595,933)
		(19,916,642)	11,077,979
(Loss)/Earnings per share:	30		
- Basic (sen)		(4.74)	4.27
- Diluted (sen)		(4.74)	4.27

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

Consolidated Statement of Changes in Equity

For The Financial Year Ended 30 June 2025

	Non-distributable			Distributable		Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Put option reserve	Retained profits	RM	RM	RM	RM
Balance at 1 July 2023:									
- As previously reported	210,917,984	(9,522,642)	1,550,000	0	177,232,482	380,177,824	13,858,245	394,036,069	
- Prior year adjustments (Note 37)	0	0	0	0	(5,795,877)	(5,795,877)	0	(5,795,877)	
- As restated	210,917,984	(9,522,642)	1,550,000	0	171,436,605	374,381,947	13,858,245	388,240,192	
Profit (representing comprehensive income) for the financial year:									
- As previously reported	0	0	0	0	14,195,459	14,195,459	(2,595,933)	11,599,526	
- Prior year adjustments (Note 37)	0	0	0	0	(521,547)	(521,547)	0	(521,547)	
- As restated	0	0	0	0	13,673,912	13,673,912	(2,595,933)	11,077,979	
First and final single tier dividend of 2.0 sen per ordinary share	0	0	0	0	(6,403,616)	(6,403,616)	0	(6,403,616)	
Dividends to non-controlling interests	0	0	0	0	0	0	(1,925,000)	(1,925,000)	
Distributions to owners	0	0	0	0	(6,403,616)	(6,403,616)	(1,925,000)	(8,328,616)	
Acquisition of subsidiaries	0	0	0	0	0	0	4,258,793	4,258,793	
Put option granted to non-controlling interests	0	0	0	(4,833,628)	0	(4,833,628)	0	(4,833,628)	
Dilution of non-controlling interests	0	0	0	0	(2,288,375)	(2,288,375)	2,288,375	0	
Disposal of subsidiary	0	0	0	0	0	0	(3,936)	(3,936)	
Total transactions with owners	0	0	0	(4,833,628)	(8,691,991)	(13,525,619)	4,618,232	(8,907,387)	
Balance at 30 June 2024	210,917,984	(9,522,642)	1,550,000	(4,833,628)	176,418,526	374,530,240	15,880,544	390,410,784	

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

... Consolidated Statement of Changes in Equity

	Non-distributable			Distributable		Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Put option reserve	Retained profits	RM	RM	RM
Balance at 1 July 2024:								
- As previously reported	210,917,984	(9,522,642)	1,550,000	(4,833,628)	182,735,950	380,847,664	15,880,544	396,728,208
- Prior year adjustments (Note 37)	0	0	0	0	(6,317,424)	(6,317,424)	0	(6,317,424)
- As restated	210,917,984	(9,522,642)	1,550,000	(4,833,628)	176,418,526	374,530,240	15,880,544	390,410,784
Loss (representing comprehensive income) for the financial year	0	0	0	0	(15,176,456)	(15,176,456)	(4,740,186)	(19,916,642)
Dividends to non-controlling interests (representing total transactions with owners)	0	0	0	0	0	0	(1,569,525)	(1,569,525)
Balance at 30 June 2025	210,917,984	(9,522,642)	1,550,000	(4,833,628)	161,242,070	359,353,784	9,570,833	368,924,617

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

Consolidated Statement of Cash Flows

For The Financial Year Ended 30 June 2025

	Note	2025 RM	2024 RM (Restated)
Cash flows from operating activities			
(Loss)/Profit before tax		(10,653,179)	20,583,446
Adjustments for:			
Amortisation and depreciation		22,190,649	17,849,592
Amortisation of government grants		(31,709)	(156,213)
Fair value (gains)/losses on financial instruments		(2,936,346)	233,056
Gain on derecognition of right-of-use assets		(672,589)	(6,661)
Impairment losses on financial assets		448,088	1,411,598
Impairment loss on intangible assets		30,333,592	0
Impairment loss on property, plant and equipment		55,411	1,867,786
Interest expense		8,224,638	6,128,747
Interest income		(727,594)	(332,896)
Inventories written down		2,896,279	1,085,244
Loss on derecognition of financial assets		92,692	33,787
Loss on disposal of subsidiary		0	9,112
Loss/(Gain) on disposal of property, plant and equipment		4,583	(142,110)
Prepayments written off		740,000	0
Property, plant and equipment written off		629,321	103,743
Unrealised loss/(gain) on foreign exchange		97,553	(47,015)
Operating profit before working capital changes		50,691,389	48,621,216
Changes in:			
Inventories		(13,351,007)	470,392
Contract costs		(306,180)	(12,733)
Contract assets		(10,870,332)	0
Receivables		(4,685,694)	(8,072,143)
Contract liabilities		(1,783,618)	892,128
Prepayments		2,263,565	(4,585,729)
Payables		5,842,859	4,496,383
Cash generated from operations		27,800,982	41,809,514
Interest and fund distribution received		1,814,079	1,287,098
Tax paid		(12,454,885)	(12,574,456)
Tax refunded		534,956	443,081
Net cash from operating activities		17,695,132	30,965,237
Cash flows from investing activities			
Acquisition of other investments		0	(1,185,139)
Acquisition of intangible assets		(2,200,000)	0
Acquisition of property, plant and equipment	31	(33,910,860)	(10,202,741)
Acquisition of right-of-use assets	31	(11,320)	(41,900)
Acquisition of subsidiaries, net of cash acquired	8	0	(4,023,338)
Change in term deposit with maturity period more than 3 months		307,795	(307,795)
Contingent consideration paid	16	(1,650,000)	(9,575,694)
Disposal of subsidiary, net of cash disposed of	8	0	(3,182)
Proceeds from disposal of property, plant and equipment		171,195	265,783
Net cash used in investing activities		(37,293,190)	(25,074,006)

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

... Consolidated Statement of Cash Flows

	Note	2025 RM	2024 RM (Restated)
Cash flows from financing activities			
Changes in term deposits pledged as licensed banks		(71,392)	510,966
Dividend paid to owners of the Company		0	(6,403,616)
Dividends paid to non-controlling interests		(1,055,015)	(1,925,000)
Drawdown of term loans	31	8,030,170	241,200
Increase in short-term loans and borrowings (net)	31	16,330,208	33,896,473
Interest paid		(7,151,891)	(5,636,230)
Payment of hire purchase obligations	31	(51,684)	(43,817)
Payment of lease liabilities	31	(3,179,788)	(2,262,669)
Repayment of term loans	31	(7,268,329)	(6,793,905)
Net cash from financing activities		5,582,279	11,583,402
Currency translation differences		(167,636)	10,144
Net (decrease)/increase in cash and cash equivalents		(14,183,415)	17,484,777
Cash and cash equivalents brought forward		51,421,915	33,937,138
Cash and cash equivalents carried forward	31	<u>37,238,500</u>	<u>51,421,915</u>

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

Statement of Financial Position

As At 30 June 2025

	Note	2025 RM	2024 RM
Non-current assets			
Property, plant and equipment	4	131,588	188,065
Right-of-use assets	6	127,482	266,553
Investments in subsidiaries	8	253,812,956	247,910,891
Other investment	9	1,500	1,500
		<u>254,073,526</u>	<u>248,367,009</u>
Current assets			
Receivables	11	64,228,274	46,042,204
Prepayments		4,175	33,840
Current tax assets		384,960	138,078
Cash and cash equivalents	15	1,729,720	951,147
		<u>66,347,129</u>	<u>47,165,269</u>
Current liabilities			
Payables	16	9,451,430	475,842
Loans and borrowings	18	27,912,475	17,897,506
Lease liabilities	20	133,833	139,517
		<u>37,497,738</u>	<u>18,512,865</u>
Net current assets		<u>28,849,391</u>	<u>28,652,404</u>
Non-current liabilities			
Loans and borrowings	18	1,443,930	2,532,385
Lease liabilities	20	0	133,833
		<u>1,443,930</u>	<u>2,666,218</u>
Net assets		<u>281,478,987</u>	<u>274,353,195</u>
Equity			
Share capital	23	210,917,984	210,917,984
Treasury shares	23	(9,522,642)	(9,522,642)
Retained profits		80,083,645	72,957,853
Total equity		<u>281,478,987</u>	<u>274,353,195</u>

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

Statement of Comprehensive Income

For The Financial Year Ended 30 June 2025

	Note	2025 RM	2024 RM
Revenue	26	18,927,450	21,617,421
Other income		1,957,598	2,378,633
Administrative and general expenses		(11,954,094)	(47,021,609)
Finance costs		(1,492,380)	(1,705,491)
Profit/(Loss) before tax	28	7,438,574	(24,731,046)
Tax expense	29	(312,782)	(295,700)
Profit/(Loss) for the financial year		7,125,792	(25,026,746)
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		7,125,792	(25,026,746)

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

Statement of Changes in Equity

For The Financial Year Ended 30 June 2025

	Share capital RM	Treasury shares RM	Distributable Retained profits RM	Total equity RM
Balance at 1 July 2023	210,917,984	(9,522,642)	104,388,215	305,783,557
First and final single tier dividend of 2.0 sen per ordinary share (representing total transaction with owners)	0	0	(6,403,616)	(6,403,616)
Loss (representing comprehensive income) for the financial year	0	0	(25,026,746)	(25,026,746)
Balance at 30 June 2024	210,917,984	(9,522,642)	72,957,853	274,353,195
Profit (representing comprehensive income) for the financial year	0	0	7,125,792	7,125,792
Balance at 30 June 2025	210,917,984	(9,522,642)	80,083,645	281,478,987

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

Statement of Cash Flows

For The Financial Year Ended 30 June 2025

	Note	2025 RM	2024 RM
Cash flows from operating activities			
Profit/(Loss) before tax		7,438,574	(24,731,046)
Adjustments for:			
Depreciation		217,361	235,315
Dividend income		(18,927,450)	(21,617,421)
Fair value (gains)/losses on financial instruments		(22,016)	1,643,463
Impairment loss on investments in subsidiaries		8,997,935	11,646,757
Interest expense		1,492,380	1,705,491
Interest income		(1,935,582)	(2,357,523)
Loss on disposal of subsidiaries		0	30,356,870
Property, plant and equipment written off		1,625	589
Operating loss before working capital changes		(2,737,173)	(3,117,505)
Changes in:			
Receivables		(2)	2
Prepayments		29,665	(25,942)
Payables		(82,118)	170,726
Cash absorbed by operations		(2,789,628)	(2,972,719)
Interest and fund distribution received		1,957,598	2,378,633
Tax paid		(581,664)	(336,401)
Tax refunded		22,000	0
Net cash used in operating activities		(1,391,694)	(930,487)
Cash flows from investing activities			
Acquisition of property, plant and equipment	31	(23,438)	(73,877)
Contingent consideration paid	16	0	(9,575,694)
Dividends received		18,927,450	21,617,421
Net advance to subsidiaries		(9,128,362)	(6,923,047)
Proceeds from disposal of property, plant and equipment		0	1,016
Proceeds from disposal of subsidiary	8	0	70
Redemption of preference shares from subsidiaries		1,100,000	16,900,000
Subscription for shares in subsidiaries		(16,000,000)	(10,000,070)
Net cash (used in)/from investing activities		(5,124,350)	11,945,819
Cash flows from financing activities			
Dividend paid		0	(6,403,616)
Increase in short-term loans and borrowings (net)	31	0	4,197,206
Interest paid		(1,492,380)	(1,705,491)
Payment of lease liabilities	31	(139,517)	(133,058)
Repayment of term loans	31	(1,038,811)	(993,661)
Net cash used in financing activities		(2,670,708)	(5,038,620)
Net (decrease)/increase in cash and cash equivalents		(9,186,752)	5,976,712
Cash and cash equivalents brought forward		(2,084,107)	(8,060,819)
Cash and cash equivalents carried forward	31	(11,270,859)	(2,084,107)

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

Notes to the Financial Statements

For The Financial Year Ended 30 June 2025

1. General information

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

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 8.

The registered office and principal place of business of the Company are located at 3rd Floor, Wisma Kobay, No. 42-B Jalan Rangoon, 10400 George Town, Penang, Malaysia.

The consolidated financial statements set out on pages 77 to 82 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 83 to 86 together with the notes thereto cover the Company solely.

The functional and presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue in accordance with a resolution of the directors dated 27 October 2025.

2. Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the material accounting policy information, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following MFRSs became effective for the financial year under review:

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Except for the Amendments to MFRS 101, the initial application of the above MFRSs did not have any significant impacts on the financial statements. The Amendments to MFRS 101 allow the Group and the Company to classify their revolving credit obligation as non-current when they have the right at the end of the reporting period to roll over the obligation for at least twelve months after the reporting period, even if it would otherwise be due within a shorter period. The classification is applied retrospectively.

... Notes to the Financial Statements

2. Basis of preparation of financial statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

Except for the adoption of MFRS 18, management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18, which will replace MFRS 101 *Presentation of Financial Statements* upon its adoption, aims to provide better information about entities' financial performance and enhance financial reporting quality. The key changes introduced by MFRS 18 are:

- classification of income and expenses into five categories (i.e. operating, investing, financing, income taxes and discontinued operations);
- presentation of two defined subtotals (i.e. operating profit or loss and profit or loss before financing and income taxes) in the statement of profit or loss;
- disclosures about management-defined performance measures; and
- new principles for aggregation and disaggregation of information.

The Group and the Company will initially apply the new requirements of MFRS 18 in the financial year ending 30 June 2028.

3. Material accounting policy information**3.1 Critical accounting estimates and judgements*****Key sources of estimation uncertainty***

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill and trademarks

Irrespective of whether there is any indication of impairment, goodwill and trademark are tested for impairment annually. The impairment test involves significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rates, etc. The carrying amounts of goodwill and trademarks are disclosed in Note 7.

... Notes to the Financial Statements

3. Material accounting policy information (cont'd)

3.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Measurement of landowners' entitlements

Landowners' entitlements are measured based on the present value of future settlement obligations. Such measurement involves judgements and estimation uncertainty in determining the timing of settlement, discount rates applied and projected development outcomes. Any changes in these accounting estimates will result in revisions to the carrying amount of inventories (Note 10) and landowners' entitlements (Note 16).

Property development

The Group recognises property development revenue over time by measuring the progress towards complete satisfaction of the performance obligation. Property development costs and incremental costs of obtaining the contract are also recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of inventories (Note 10), contract costs (Note 12), contract assets and contract liabilities (Note 13).

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

Valuation of put option liability

The fair value of put option liability is measured based on the present value of expected future settlement obligations. Such measurement involves judgements and estimation uncertainty in determining the expected exercise price, probabilities of exercise, timing of settlement and discount rate applied. Any changes in these accounting estimates will affect the carrying amount of put option liability (Note 17).

Critical judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

3.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

... Notes to the Financial Statements

3. Material accounting policy information (cont'd)

3.2 Business combinations (cont'd)

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:

- (a) the aggregate of:
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

3.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.9.

Freehold land and capital work-in-progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Buildings	2% - 33%
Building improvement and renovation	2% - 33%
Factory machinery, moulds and equipment	10% - 20%
Furniture, fittings, office equipment and computer software	10% - 50%
Motor vehicles	10% - 20%

... Notes to the Financial Statements

3. Material accounting policy information (cont'd)

3.5 Investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.9.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 60 years. Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

3.6 Right-of-use assets and lease liabilities

Short-term leases and leases of low-value assets

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

Right-of-use assets

Right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The impairment policy is disclosed in Note 3.9.

The right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

3.7 Intangible assets

Trademarks and intellectual property with an indefinite useful life are stated at cost less accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.9.

Customer relationships represent the relationships established with its customers through continuous contracts which give rise to contractual rights. Customer relationships are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.9. Customer relationships are amortised on a straight-line basis over 10 to 12 years which economic benefits are expected to be received.

3.8 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 3.9.

3.9 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than inventories, contract costs and contract assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

... Notes to the Financial Statements

3. Material accounting policy information (cont'd)

3.10 Inventories

Property development

Inventories are valued at the lower of cost (determined principally on the specific identification basis) and net realisable value. Cost consists of costs associated with the acquisition of land, costs that relate directly to a specific development project and other costs attributable to development activities in general and can be allocated to the project. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Land held for property development is classified as non-current assets. It is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. Property development costs attributable to development units sold are recognised in profit or loss on a systematic basis that is consistent with the recognition of related revenue. Upon completion of development project, costs attributable to unsold units are transferred to completed development units.

Materials and goods

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

3.11 Financial instruments

Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes include interest income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial liabilities

Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes include interest expense.

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

Equity

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

... Notes to the Financial Statements

3. Material accounting policy information (cont'd)

3.11 Financial instruments (cont'd)

Equity (cont'd)

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

3.12 Government grants

Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Building improvement and renovation RM	Factory machinery, moulds and equipment RM	Furniture, fittings, office equipment and computer software RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Cost								
Balance at 1 July 2023	4,161,603	56,717,616	12,892,633	134,384,509	17,995,513	2,036,067	23,396,568	251,584,509
Acquisition of subsidiary	166,667	333,333	35,160	0	169,500	55,371	0	760,031
Additions	0	3,612	711,413	5,235,295	2,662,658	180,599	1,409,164	10,202,741
Disposals/Write-offs	0	0	(12,627)	(1,780,751)	(148,376)	(55,500)	(94,000)	(2,091,254)
Reclassifications	0	0	9,612,686	12,997,399	80,000	0	(22,690,085)	0
Balance at 30 June 2024	4,328,270	57,054,561	23,239,265	150,836,452	20,759,295	2,216,537	2,021,647	260,456,027
Additions	0	0	5,648,337	12,196,920	2,773,164	109,950	13,240,489	33,968,860
Disposals/Write-offs	0	0	(518,877)	(877,428)	(269,813)	0	0	(1,666,118)
Transfer to right-of-use assets	(166,667)	(333,333)	0	0	0	0	0	(500,000)
Reclassifications	0	0	2,519,117	626,943	35,957	27,990	(3,210,007)	0
Balance at 30 June 2025	4,161,603	56,721,228	30,887,842	162,782,887	23,298,603	2,354,477	12,052,129	292,258,769

Depreciation and impairment losses

Balance at 1 July 2023	0	10,370,490	7,229,808	78,223,689	10,393,780	1,017,232	0	107,234,999
Accumulated depreciation	0	0	0	512,516	100,837	34,332	127,220	774,905
Accumulated impairment losses	0	10,370,490	7,229,808	78,736,205	10,494,617	1,051,564	127,220	108,009,904
Acquisition of subsidiary	0	13,334	34,913	0	141,995	22,148	0	212,390
Depreciation	0	2,036,828	1,256,047	8,225,207	1,838,832	201,948	0	13,558,862
Impairment loss	0	0	938	1,300,562	565,496	790	0	1,867,786
Disposals/Write-offs	0	0	(7,336)	(1,753,037)	(47,966)	(55,499)	0	(1,863,838)
Balance at 30 June 2024	0	12,420,652	8,513,432	84,695,859	12,326,641	1,185,829	0	119,142,413
Accumulated depreciation	0	0	938	1,813,078	666,333	35,122	127,220	2,642,691
Accumulated impairment losses	0	12,420,652	8,514,370	86,508,937	12,992,974	1,220,951	127,220	121,785,104

... Notes to the Financial Statements

... Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Buildings RM	Building improvement and renovation RM	Factory machinery, moulds and equipment RM	Furniture, fittings, office equipment and computer software RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
Depreciation and impairment losses (cont'd)								
Balance at 30 June 2024	0	12,420,652	8,513,432	84,695,859	12,326,641	1,185,829	0	119,142,413
Accumulated depreciation	0	0	938	1,813,078	666,333	35,122	127,220	2,642,691
Accumulated impairment losses	0	12,420,652	8,514,370	86,508,937	12,992,974	1,220,951	127,220	121,785,104
Depreciation	0	1,858,772	1,993,416	9,772,804	2,102,948	238,795	0	15,966,735
Impairment loss	0	0	7,106	23,794	21,872	2,639	0	55,411
Disposals/Write-offs	0	0	(32,800)	(775,953)	(52,266)	0	0	(861,019)
Transfer to right-of-use assets	0	(13,334)	0	0	0	0	0	(13,334)
Reclassifications	0	0	196,564	(196,391)	(5,771)	5,598	0	0
Balance at 30 June 2025	0	14,266,090	10,671,394	93,496,319	14,371,552	1,430,222	0	134,235,577
Accumulated depreciation	0	0	7,262	1,836,872	688,205	37,761	127,220	2,697,320
Accumulated impairment losses	0	14,266,090	10,678,656	95,333,191	15,059,757	1,467,983	127,220	136,932,897
Carrying amount								
Balance at 1 July 2023	4,161,603	46,347,126	5,662,825	55,648,304	7,500,896	984,503	23,269,348	143,574,605
Balance at 30 June 2024	4,328,270	44,633,909	14,724,895	64,327,515	7,766,321	995,586	1,894,427	138,670,923
Balance at 30 June 2025	4,161,603	42,455,138	20,209,186	67,449,696	8,238,846	886,494	11,924,909	155,325,872

... Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Renovation RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
Cost				
Balance at 1 July 2023	427,084	921,748	1,800	1,350,632
Additions	0	73,877	0	73,877
Disposals/Write-offs	0	(5,255)	0	(5,255)
Balance at 30 June 2024	427,084	990,370	1,800	1,419,254
Additions	0	23,438	0	23,438
Write-offs	0	(33,938)	0	(33,938)
Balance at 30 June 2025	427,084	979,870	1,800	1,408,754
Accumulated depreciation				
Balance at 1 July 2023	320,058	816,739	1,799	1,138,596
Depreciation	38,335	57,908	0	96,243
Disposals/Write-offs	0	(3,650)	0	(3,650)
Balance at 30 June 2024	358,393	870,997	1,799	1,231,189
Depreciation	38,334	39,956	0	78,290
Write-offs	0	(32,313)	0	(32,313)
Balance at 30 June 2025	396,727	878,640	1,799	1,277,166
Carrying amount				
Balance at 1 July 2023	107,026	105,009	1	212,036
Balance at 30 June 2024	68,691	119,373	1	188,065
Balance at 30 June 2025	30,357	101,230	1	131,588

The Group has assessed indicators of impairment during the financial year and performed impairment assessments, with recoverable amounts determined based on the fair value less costs to sell of the underlying Cash Generating Units ("CGUs"). Based on the assessments performed, the Group concluded that an impairment loss of RM55,411 (2024 : RM1,867,786) was recognised during the financial year as the recoverable amounts of the CGUs were lower than their carrying amounts.

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:

	2025 RM	2024 RM
Buildings	29,071,225	30,502,501
Building improvement and renovation*	11,001,006	2,084,708
Factory machinery, moulds and equipment	31,397,881	25,952,479
	<u>71,470,112</u>	<u>58,539,688</u>

* Being building improvement and renovation attached to the pledged buildings

The carrying amount of the property, plant and equipment of the Group acquired under hire purchase financing which remained outstanding as at the end of the reporting period was RM190,696 (2024: RM199,250).

... Notes to the Financial Statements

5. Investment properties

Group	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
Balance at 1 July 2023 / 30 June 2024 / 30 June 2025	2,356,000	3,530,000	11,631,405	17,517,405
Accumulated depreciation				
Balance at 1 July 2023	0	1,695,791	4,325,670	6,021,461
Depreciation	0	65,063	252,654	317,717
Balance at 30 June 2024	0	1,760,854	4,578,324	6,339,178
Depreciation	0	65,062	245,077	310,139
Balance at 30 June 2025	0	1,825,916	4,823,401	6,649,317
Carrying amount				
Balance at 1 July 2023	2,356,000	1,834,209	7,305,735	11,495,944
Balance at 30 June 2024	2,356,000	1,769,146	7,053,081	11,178,227
Balance at 30 June 2025	2,356,000	1,704,084	6,808,004	10,868,088

The fair values of investment properties as at 30 June 2025 were estimated at approximately RM28,696,000 (2024 : RM25,040,000). The fair values were determined by management based on reference to relevant market information and were categorised within Level 3 of the fair value hierarchy.

Investment properties have been pledged as security for credit facilities granted to the Group.

The Group leases its buildings under operating leases for 1 to 3 years. The undiscounted lease payments to be received are as follows:

	2025 RM	2024 RM
Within 1 year	2,338,465	1,459,750
1 to 2 years	2,338,465	0
2 to 3 years	1,851,285	0
	<u>6,528,215</u>	<u>1,459,750</u>

... Notes to the Financial Statements

6. Right-of-use assets

Group	Leasehold land RM	Buildings RM	Total RM
Balance at 1 July 2023	34,486,037	4,056,717	38,542,754
Additions	0	6,319,562	6,319,562
Depreciation	(1,690,179)	(1,949,051)	(3,639,230)
Derecognition/Written-offs	0	(179,065)	(179,065)
Balance at 30 June 2024	32,795,858	8,248,163	41,044,021
Additions	0	9,878,312	9,878,312
Remeasurement of lease liabilities	0	791,473	791,473
Depreciation	(1,695,788)	(3,519,858)	(5,215,646)
Derecognition	0	(1,688,458)	(1,688,458)
Transfer from property, plant and equipment	166,667	319,999	486,666
Balance at 30 June 2025	31,266,737	14,029,631	45,296,368

The Group acquired the rights to use the leasehold land as its principal places of business for 21 to 60 years. It also leases the buildings from related parties for business operations. The initial lease terms range from 2 to 3 years and are extendable for 2 to 3 years.

Leasehold land have been pledged as security for credit facilities granted to the Group.

Company	Building RM
Balance at 1 July 2023	405,625
Depreciation	(139,072)
Balance at 30 June 2024	266,553
Depreciation	(139,071)
Balance at 30 June 2025	127,482

The Company leases a premises as its principal place of business for 1 year with option to renew for another 1 year.

7. Intangible assets

Group	Goodwill RM	Trademarks RM	Customer relationships RM	Intellectual property RM	Total RM
Cost					
Balance at 1 July 2023	22,506,704	18,297,000	1,949,234	69,171	42,822,109
Acquisition of subsidiary	6,075,020	0	4,907,264	0	10,982,284
Balance at 30 June 2024	28,581,724	18,297,000	6,856,498	69,171	53,804,393
Additions	0	2,200,000	0	0	2,200,000
Balance at 30 June 2025	28,581,724	20,497,000	6,856,498	69,171	56,004,393

... Notes to the Financial Statements

7. Intangible assets (cont'd)

Group	Goodwill RM	Trademarks RM	Customer relationships RM	Intellectual property RM	Total RM
Amortisation and impairment losses					
Balance at 1 July 2023					
Accumulated amortisation	0	0	373,603	0	373,603
Accumulated impairment losses	0	0	0	0	0
	0	0	373,603	0	373,603
Amortisation	0	0	331,236	0	331,236
Balance at 30 June 2024					
Accumulated amortisation	0	0	704,839	0	704,839
Accumulated impairment losses	0	0	0	0	0
	0	0	704,839	0	704,839
Amortisation	0	0	603,862	0	603,862
Impairment loss	22,477,133	7,856,459	0	0	30,333,592
Balance at 30 June 2025					
Accumulated amortisation	0	0	1,308,701	0	1,308,701
Accumulated impairment losses	22,477,133	7,856,459	0	0	30,333,592
	22,477,133	7,856,459	1,308,701	0	31,642,293
Carrying amount					
Balance at 1 July 2023	22,506,704	18,297,000	1,575,631	69,171	42,448,506
Balance at 30 June 2024	28,581,724	18,297,000	6,151,659	69,171	53,099,554
Balance at 30 June 2025	6,104,591	12,640,541	5,547,797	69,171	24,362,100

Goodwill

Goodwill is attributable to the following subsidiaries:

	Group	
	2025 RM	2024 RM
Arise Healthcare Sdn. Bhd.*	0	150,260
Avelon Arise Sdn. Bhd.*	0	1,414,313
Avelon Healthcare Sdn. Bhd.*	0	18,202,606
Galaxis Healthcare Sdn. Bhd.*	0	2,709,954
Medicwave Sdn. Bhd.	6,075,020	6,075,020
Others	29,571	29,571
	<u>6,104,591</u>	<u>28,581,724</u>

* Collectively referred to as "Avelon"

Each subsidiary represents a separate cash-generating unit ("CGU"), except for Avelon, which are collectively considered as a single group of CGUs for impairment testing purposes in line with the Group's internal monitoring of goodwill.

... Notes to the Financial Statements

7. Intangible assets (cont'd)**Goodwill (cont'd)**

The recoverable amounts of the CGUs were determined based on their value in use, calculated by discounting future cash flows to be generated by the units. The future cash flows were projected based on the most recent financial budgets/forecasts approved by management covering a 5-year period. A growth rate of 0% was used to extrapolate the cash flow projections beyond the 5 years covered by the financial budgets/forecasts. Discount rates ranging from 10.55% to 13.42% (2024 : 7.50% to 11.00%) were applied to the cash flow projections to calculate the value in use.

The key assumptions used in the financial budgets/forecasts include among others: (i) budgeted revenue for 2026; (ii) annual growth for 2027 to 2030; and (iii) budgeted gross margins. The values assigned to the key assumptions reflect management's assessment of the CGUs' future prospects and are mainly based on past experience and internal historical data. Such data include factors such as average revenues and gross margins achieved in previous periods, adjusted for anticipated growth arising from ongoing improvements in product quality, marketing strategy, cost optimisation measures, and operational efficiency.

Based on the assessments performed, the Group recognised impairment losses of RM22,477,133 during the financial year for Avelon as the recoverable amounts of the subsidiaries were lower than their carrying amounts as below:

	2025 RM
Arise Healthcare Sdn. Bhd.	150,260
Avelon Arise Sdn. Bhd.	1,414,313
Avelon Healthcare Sdn. Bhd.	18,202,606
Galaxis Healthcare Sdn. Bhd.	2,709,954
	<u>22,477,133</u>

Trademarks

Trademarks are attributable to the following subsidiaries:

	Group	
	2025 RM	2024 RM
Avelon Healthcare Sdn. Bhd.	10,440,541	18,297,000
Galaxis Healthcare Sdn. Bhd. ("GHSB")	2,200,000	0
	<u>12,640,541</u>	<u>18,297,000</u>

During the financial year, GHSB acquired trademarks from a director of GHSB for a total consideration of RM 2,200,000.

The Group has assumed an indefinite useful life for the acquired trademarks because these brands have been established in the market for a number of years, are expected to continue contributing to cash flows indefinitely, and there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

During the financial year, an impairment loss of RM7,856,459 (2024 : nil) was recognised in respect of trademark attributable to Avelon Healthcare Sdn. Bhd. The impairment arose as a result of the impairment assessment performed at the CGU level as described under the "Goodwill" section above. After fully writing down the goodwill, the remaining impairment loss was allocated to the trademark. The recoverable amounts and the key assumptions used are as disclosed above.

... Notes to the Financial Statements

8. Investments in subsidiaries

	Company 2025 RM	2024 RM
Unquoted shares - at cost	284,137,365	269,237,365
Impairment losses	(30,324,409)	(21,326,474)
	<u>253,812,956</u>	<u>247,910,891</u>

Management has assessed indicators of impairment during the financial year and performed impairment assessments, with recoverable amounts determined based on the value-in-use of the Cash Generating Units ("CGUs") or the fair value less costs to sell of the underlying CGUs. Based on the assessments performed, an impairment loss of RM8,997,935 (2024 : RM11,646,757) was recognised as the recoverable amounts are lower than the carrying amounts of the CGUs.

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2025	2024	
Avelon Healthcare Group Sdn. Bhd. ("AHGSB")	Malaysia	70%	70%	Investment holding
Innospec Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing services for PCB assembly, cable assembly, electromechanical assembly, and test
Kewjaya Sdn. Bhd. ("Kew")	Malaysia	100%	100%	Money lending
Kobay Assets Sdn. Bhd.	Malaysia	100%	100%	Property letting
Kobay G Sdn. Bhd.	Malaysia	100%	100%	Marketing and project management services for property developers
Kobay Industries Sdn. Bhd. ("KISB")	Malaysia	100%	100%	Investment holding
Kobay Land Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay Management Services Sdn. Bhd.	Malaysia	100%	100%	Management services
Kobay Project Venture Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay SB Sdn. Bhd.	Malaysia	100%	100%	Property development
Kobay UA Sdn. Bhd. ("Kobay UA")	Malaysia	100%	100%	Contract manufacturer and electronic manufacturing service provider
Kual Technologies Sdn. Bhd. ("Kual")	Malaysia	51%	51%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries

... Notes to the Financial Statements

8. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2025	2024	
Lavanya Resorts Sdn. Bhd.	Malaysia	100%	100%	Hotel operator and property management
LD Global Sdn. Bhd.	Malaysia	100%	100%	Property development
Lodge 18 Sdn. Bhd.	Malaysia	100%	100%	Providing accommodation rental services, letting of accommodation space or room and related services
Masset Capital Sdn. Bhd.	Malaysia	100%	100%	Investment holding
Premierview Property Sdn. Bhd.	Malaysia	100%	100%	Property development
Ultimate Sanctuary Sdn. Bhd.	Malaysia	100%	100%	Property development
<u>Subsidiaries of Avelon Healthcare Group Sdn. Bhd.</u>				
Arise Healthcare Sdn. Bhd. ("ARHSB")	Malaysia	70%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd. ("AASB")	Malaysia	70%	70%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd. ("AHSB")	Malaysia	70%	70%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd. ("GHSB")	Malaysia	70%	70%	Sale of healthcare products
Medicwave (M) Sdn. Bhd. ("MMSB")	Malaysia	49%	49%	Sale of medical devices
<u>Subsidiaries of Kobay Industries Sdn. Bhd.</u>				
Bend Weld Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacture of metal works and structures, modules and parts for oil & gas production and extraction equipment
KT Microhandling Sdn. Bhd.	Malaysia	100%	100%	Manufacture of semiconductor assembly and testing equipment
Maker Technologies Sdn. Bhd.	Malaysia	100%	100%	Electronic manufacturing services, product development and manufacturing for PCB assembly, cable assembly, electromechanical assembly, and test
Micro Surface Treatment Sdn. Bhd.	Malaysia	90%	90%	Precision plating and surface treatment
Paradigm Aerospace Sdn. Bhd.	Malaysia	100%	100%	Manufacture of components and sub-assemblies for aerospace parts

... Notes to the Financial Statements

8. Investments in subsidiaries (cont'd)

	Principal place of business/ Country of incorporation	Effective ownership interest		
Name of subsidiary		2025	2024	Principal activity
<u>Subsidiaries of Kobay Industries Sdn. Bhd. (cont'd)</u>				
Paradigm Metal Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision metal stamping, sheet metal and die casting parts
Paradigm Precision Components Sdn. Bhd.	Malaysia	100%	100%	Manufacture of precision machined components
Polytool Technologies Sdn. Bhd.	Malaysia	100%	100%	Manufacture of industrial equipment, machinery parts and tooling, encapsulation moulds, trim and form dies and progressive tooling for lead frames
Super Tropica Development Sdn. Bhd.	Malaysia	100%	100%	Property development

Changes in investments in subsidiaries during the financial year are as follows:

- (i) KISB acquired a subsidiary, Leapcode Sdn. Bhd., for a cash consideration of RM100,000 and subsequently disposed of it in the same financial year for the same amount. The acquisition and subsequent disposal had no material impact on the financial statements.
- (ii) Kew redeemed 1,100,000 redeemable preference shares held by the Company for a total cash consideration of RM1,100,000.
- (iii) The Company subscribed for an additional 16,000,000 redeemable preference shares in Kual for a total cash consideration of RM16,000,000.

Changes in investments in subsidiaries during the previous financial year are as follows:

- (i) Kobay UA redeemed 15,400,000 redeemable preference shares held by the Company for a total cash consideration of RM15,400,000.
- (ii) Kew redeemed 1,500,000 redeemable preference shares held by the Company for a total cash consideration of RM1,500,000.
- (iii) The Company subscribed for an additional 10,000,000 redeemable preference shares in Kew for a total cash consideration of RM10,000,000.
- (iv) The Company incorporated AHGSB with paid-up share capital of RM100 comprising of 100 ordinary share. The Company subscribed 70 ordinary shares for a total consideration of RM70. Pursuant to that, the Company holds 70 ordinary shares representing 70% equity interest in AHGSB.

... Notes to the Financial Statements

8. Investments in subsidiaries (cont'd)

- (v) On 23 February 2024, AHGSB acquired 50,001 ordinary shares in MMSB, representing 50% equity interest in MMSB for purchase consideration of RM10,800,000 comprising cash consideration of RM5,400,000 payable upon completion of the acquisition and contingent consideration of RM5,400,000 payable upon meeting future earnings targets. On the same date, AHGSB acquired additional 66,668 ordinary shares in MMSB, representing additional 20% equity interest in MMSB for a cash consideration of RM4,320,000. Upon completion of the acquisition on 4 March 2024, MMSB became a 70% owned subsidiary of AHGSB and gave rise to goodwill totalling RM6,075,020. On the same date, AHGSB entered into a Put and Call Option Agreement with the non-controlling interests ("NCI") of MMSB whereby the NCI agreed to grant a call option to AHGSB and AHGSB agreed to grant a put option to the NCI, for the remaining 30% equity interest held by the NCI in MMSB.

The amount recognised at the acquisition date for each major classes of assets acquired and liabilities assumed for were as follows:

	MMSB RM
Property, plant and equipment	547,641
Deferred tax assets	114,000
Inventories	1,327,365
Receivables	2,015,727
Current tax assets	175,451
Cash and bank balances	1,376,662
Payables	(1,326,611)
Customer relationship	4,907,264
Derivative asset - Call option	557,800
Deferred tax liabilities	(1,177,743)
Net assets	8,517,526
Non-controlling interests	(4,258,793)
Share of net assets acquired	4,258,763
Fair value of cash consideration transferred	(5,400,000)
Fair value of contingent consideration	(4,933,783)
Goodwill	<u>(6,075,020)</u>

The effects of the acquisition on the statements of cash flows were as follows:

	Group RM
Total cash consideration	5,400,000
Cash and bank balances acquired	<u>(1,376,662)</u>
Acquisition of subsidiary, net of cash acquired	<u>4,023,338</u>

... Notes to the Financial Statements

8. Investments in subsidiaries (cont'd)

- (vi) On 1 April 2024, the Company disposed of 961,468 ordinary shares, representing 70% equity interest in Galaxis Pharma Sdn. Bhd. ("GPSB") for a cash consideration of RM70. Pursuant to the disposal, GPSB ceased to be subsidiary of the Company.

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Investment in a subsidiary	0	961,467
Cash and bank balances	3,252	0
Receivables	9,866	0
Carrying amount of net assets disposed of	13,118	961,467
Non-controlling interests	(3,936)	0
Loss on disposal of subsidiary	(9,112)	(961,397)
Proceeds from disposal	70	70
Less: Cash and bank balances of a subsidiary disposed of	(3,252)	0
Net cash (outflows)/inflows from disposal of a subsidiary	(3,182)	70

- (vii) On 9 April 2024, the Company entered into a Share Swap Agreement with AHGSB to dispose its equity interest in AHSB, GHSB, AASB and ARHSB, with an aggregate disposal consideration of RM15,806,375 which is to be satisfied by way of issuance of 143,694,320 new ordinary shares in AHGSB at an issue price of RM0.11 per share. Pursuant to that, the Company holds 143,694,600 ordinary shares representing 70% equity interest in AHGSB, and AHSB, GHSB, AASB and ARHSB became the wholly owned subsidiaries of AHGSB.

The financial effects of the share swap agreement are as follows:

	Company RM
Investment in AHSB, GHSB, AASB and ARHSB	45,201,848
Loss on disposal of subsidiaries	(29,395,473)
Investment in AHGSB	15,806,375

9. Other investments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fair value				
Shares quoted outside Malaysia	893	17,058	0	0
Shares quoted in Malaysia	16,000	28,000	0	0
Unquoted shares outside Malaysia	2,811,438	1,201,490	0	0
Unquoted shares in Malaysia	1,500	1,500	1,500	1,500
	2,829,831	1,248,048	1,500	1,500

... Notes to the Financial Statements

10. Inventories (property development)

	Group	
	2025	2024
	RM	RM
		(Restated)
<u>Non-current assets</u>		
Land held for property development	64,408,158	58,613,972
<u>Current assets</u>		
Property development costs	11,765,667	104,049,406
Completed development units	91,583,392	0
Raw materials	17,725,657	9,195,091
Work-in-progress	12,776,981	14,716,677
Finished goods	21,680,189	23,003,201
Goods-in-transit	93,031	0
	<u>155,624,917</u>	<u>150,964,375</u>
Total inventories	<u>220,033,075</u>	<u>209,578,347</u>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	228,925,238	242,658,367
- Inventories written down	<u>2,896,279</u>	<u>1,085,244</u>

Certain land held for property development with carrying amount of RM14,162,315 (2024 : RM19,104,022) have been pledged as security for credit facilities granted to the Group.

Included in land held for property development and property development costs are amounts of RM6,855,374 and RM2,945,971 (2024 : RM6,855,374 and RM2,945,971) respectively representing the entitlement of landowners pursuant to joint development agreements to undertake the Group's property development projects. As disclosed in the Notes 16 and 37, prior year adjustments have been made to recognise these entitlements which were not recorded at fair value when the joint development agreements were signed.

... Notes to the Financial Statements

11. Receivables

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
Non-current assets				
Trade receivables				
Loan receivables	6,665,674	7,033,935	0	0
Current assets				
Trade receivables				
Director	0	6,002	0	0
Related parties ^(a)	49,691	99,829	0	0
Related party ^(b)	6,051	11,147	0	0
Related party ^(c)	3,646,361	0	0	0
Loan receivables	387,125	382,894	0	0
Unrelated parties	63,640,653	62,587,989	0	0
	67,729,881	63,087,861	0	0
Loss allowance	(2,831,955)	(2,432,368)	0	0
	64,897,926	60,655,493	0	0
Other receivables				
Amounts due from subsidiaries	0	0	66,442,503	48,256,435
Unrelated parties	5,111,294	9,137,662	0	0
	5,111,294	9,137,662	66,442,503	48,256,435
Loss allowance	(48,501)	0	(2,271,156)	(2,271,156)
	5,062,793	9,137,662	64,171,347	45,985,279
Deposits	4,448,855	1,994,396	56,927	56,925
	9,511,648	11,132,058	64,228,274	46,042,204
	74,409,574	71,787,551	64,228,274	46,042,204
Total receivables				
Trade receivables	71,563,600	67,689,428	0	0
Other receivables	9,511,648	11,132,058	64,228,274	46,042,204
	81,075,248	78,821,486	64,228,274	46,042,204

^(a) Being family members of certain directors

^(b) Being a company in which family members of certain directors have substantial financial interests

^(c) Being a company in which a director has substantial financial interest

Trade receivables

The credit terms of trade receivables range from 30 to 120 days.

... Notes to the Financial Statements

11. Receivables (cont'd)**Trade receivables (cont'd)**

Included in the trade receivables of the Group are retention sums which are expected to be recovered as below:

	2025 RM	2024 RM
Within 1 year	612,924	987,766
1 to 5 years	0	612,924
	<u>612,924</u>	<u>1,600,690</u>

Loan receivables are property loans totalling RM7,052,799 (2024 : RM7,416,829) granted to several customers and bearing interest ranging from 5.22% to 7.22% (2024 : 4.00% to 7.22%) per annum. The loans are effectively secured against the development units sold to the customers and repayable over 2 to 30 years as follows:

	Group	
	2025 RM	2024 RM
Within 1 year	387,125	382,894
1 to 5 years	1,578,139	1,520,762
After 5 years	5,087,535	5,513,173
	<u>7,052,799</u>	<u>7,416,829</u>

Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for certain amounts totalling RM48,370,700 (2024 : RM31,997,500) which bear interest ranging from 5.50% to 5.72% (2024 : 5.47% to 5.72%) per annum.

12. Contract costs

	Group	
	2025 RM	2024 RM
Balance at 1 July	10,186	0
Additions	306,180	12,733
Amortisation	(94,267)	(2,547)
Balance at 30 June	<u>222,099</u>	<u>10,186</u>

The costs of obtaining contracts primarily comprise commissions paid to introducers as a result of securing sales of development units. These costs are amortised over the property development period over 2 (2024 : 3 years).

... Notes to the Financial Statements

13. Contract assets and contract liabilities

	Group	
	2025	2024
	RM	RM
		(Restated)
Balance at 1 July	(2,167,848)	(1,275,720)
Revenue recognised during the year	19,754,282	21,075,951
Progress billings during the year	(6,716,102)	(21,968,079)
Advance payment from customers	(384,230)	0
Balance at 30 June	<u>10,486,102</u>	<u>(2,167,848)</u>
Disclosed as:		
- Contract assets	10,870,332	0
- Contract liabilities	<u>(384,230)</u>	<u>(2,167,848)</u>
	<u>10,486,102</u>	<u>(2,167,848)</u>

The Group generally satisfies its performance obligations over time during the development period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

Remaining performance obligations

As at 30 June 2025, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM52,593,388 (2024 : RM45,809,123) and the Group expects to recognise this revenue when the project is completed over the next 2 (2024 : 3) years.

14. Derivatives

	Group	
	2025	2024
	RM	RM
<u>Current assets</u>		
Forward exchange contracts	32,231	28,490
Call option	<u>1,006,320</u>	<u>557,800</u>
	<u>1,038,551</u>	<u>586,290</u>
<u>Current liabilities</u>		
Forward exchange contracts	<u>56,200</u>	<u>4,200</u>

Forward exchange contracts

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2025, the Group had contracts with financial institutions due within 1 year to deal with the following currencies at contractual forward rates:

	2025		2024	
	To buy	To sell	To buy	To sell
Contract I	RM6,298,831	USD1,480,000	RM8,860,531	USD1,885,250
Contract II	<u>USD1,000,000</u>	<u>RM4,302,000</u>	<u>0</u>	<u>0</u>

... Notes to the Financial Statements

14. Derivatives (cont'd)**Call option**

	Group	
	2025	2024
	RM	RM
Balance at 1 July	557,800	0
Fair value at acquisition date	0	557,800
Fair value gains	448,520	0
Balance at 30 June	<u>1,006,320</u>	<u>557,800</u>

As disclosed in Note 8, AHGSB has the right to require the non-controlling interests to sell their equity interest in MMSB to AHGSB in accordance with the terms of the Put and Call Option Agreement.

15. Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash and bank balances	22,103,356	31,763,946	1,228,137	324,009
Term deposits with licensed banks	4,330,709	3,635,612	0	0
Short-term funds - at fair value	<u>27,054,223</u>	<u>22,543,223</u>	<u>501,583</u>	<u>627,138</u>
	<u>53,488,288</u>	<u>57,942,781</u>	<u>1,729,720</u>	<u>951,147</u>

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value.

Included in the cash and bank balances of the Group are amounts totalling RM865,371 (2024 : RM1,939,482) held under Housing Development Accounts opened and maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

Certain term deposits of the Group totalling RM3,249,209 (2024 : RM3,177,817) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 30 June 2025 ranged from 2.10% to 3.38% (2024 : 2.15% to 2.80%) per annum. The term deposits have maturity periods ranging from 15 to 365 (2024 : 30 to 365 days).

... Notes to the Financial Statements

16. Payables

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
<u>Current liabilities</u>				
Trade payables:				
- Related parties ^(a)	531,679	1,212,593	0	0
- Unrelated parties	29,228,007	26,108,154	0	0
	<u>29,759,686</u>	<u>27,320,747</u>	<u>0</u>	<u>0</u>
Other payables:				
- Amounts due to subsidiaries	0	0	9,152,706	95,000
- Sundry payables	13,351,401	7,938,629	22,789	99,720
- Deposits	5,472,234	4,363,080	0	0
- Accruals	12,124,354	14,416,517	275,935	281,122
- Dividend payable to non-controlling interests	514,510	0	0	0
	<u>31,462,499</u>	<u>26,718,226</u>	<u>9,451,430</u>	<u>475,842</u>
Contingent consideration - at fair value	3,222,693	4,885,331	0	0
	<u>64,444,878</u>	<u>58,924,304</u>	<u>9,451,430</u>	<u>475,842</u>
<u>Non-current liabilities</u>				
Landowners' entitlements	<u>13,425,524</u>	<u>13,352,777</u>	<u>0</u>	<u>0</u>
<u>Total payables</u>				
Trade payables	29,759,686	27,320,747	0	0
Other payables	31,462,499	26,718,226	9,451,430	475,842
Contingent consideration	3,222,693	4,885,331	0	0
Landowners' entitlements	<u>13,425,524</u>	<u>13,352,777</u>	<u>0</u>	<u>0</u>
	<u>77,870,402</u>	<u>72,277,081</u>	<u>9,451,430</u>	<u>475,842</u>

^(a) Being companies in which certain directors have substantial financial interests

Trade and other payables

The credit terms of trade and other payables range from 14 to 120 days.

Included in the trade payables of the Group are retention sums which are expected to be settled as below:

	2025	2024
	RM	RM
Within 1 year	2,935,318	407,040
1 to 5 years	1,622,017	2,935,317
	<u>4,557,335</u>	<u>3,342,357</u>

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand except for certain amounts totalling RM7,621,250 (2024 : nil) which bear interest ranging from 6.05% to 6.60% per annum.

... Notes to the Financial Statements

16. Payables (cont'd)**Contingent consideration**

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Balance as at 1 July	4,885,331	8,459,094	0	8,459,094
Fair value at acquisition date	0	4,933,783	0	0
Payment	(1,650,000)	(9,575,694)	0	(9,575,694)
Fair value gains/(losses)	(12,638)	1,068,148	0	1,116,600
Balance at 30 June	<u>3,222,693</u>	<u>4,885,331</u>	<u>0</u>	<u>0</u>

As disclosed in Note 8, the contingent consideration is payable to non-controlling interests of MMSB upon MMSB's achieving certain guaranteed profit targets for the financial periods from 1 August 2023 to 31 July 2026.

Landowners' entitlements

	Group	
	2025	2024
	RM	RM
		(Restated)
Balance as at 1 July	13,352,777	15,736,952
Remeasurement of landowners' entitlements	0	(2,876,692)
Payment	(1,000,000)	0
Unwinding of discount	1,072,747	492,517
Balance at 30 June	<u>13,425,524</u>	<u>13,352,777</u>

As disclosed in Notes 10 and 37, prior year adjustments have been made to recognise the landowners' entitlements which were not recorded at fair value when the joint development agreements were signed. Under the agreements, the entitlements are estimated based on the agreed number or agreed percentage of the total development units of the property development projects. The deferred payables are now measured at amortised cost using imputed interest rates ranging from 6.25% to 6.50% (2024 : 6.25% to 6.50%) per annum. The prior year adjustments also reflect the remeasurement of the entitlements due to the delay in the development projects, which resulted in a lower fair value of the liabilities compared to the initial recognition.

17. Put option liability

	Group	
	2025	2024
	RM	RM
Balance at 1 July	4,833,628	0
Fair value at acquisition date	0	4,833,628
Fair value losses	144,821	0
Balance at 30 June	<u>4,978,449</u>	<u>4,833,628</u>

As disclosed in Note 8, the non-controlling interests ("NCI") of MMSB have the right to require AHGSB to buy their equity interest in MMSB in accordance with the terms of the Put and Call Option Agreement.

... Notes to the Financial Statements

17. Put option liability (cont'd)

The obligation by AHGSB to purchase MMSB's equity interest held by the NCI is initially recognised as put option liability, measured at fair value of RM4,833,628, with a corresponding charge direct to equity (classified as "Put option reserve"). Subsequent to the initial recognition, the put option will be remeasured at fair value and any changes in fair value is recognised in profit or loss. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

18. Loans and borrowings

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Current liabilities				
Secured				
Bank overdrafts	13,000,579	3,035,254	13,000,579	3,035,254
Banker acceptance	921,958	0	0	0
Revolving credits	62,802,405	50,000,000	13,000,000	13,000,000
Term loans	7,898,096	6,650,455	1,082,646	1,033,002
Unsecured				
Banker acceptance	12,003,924	6,683,257	0	0
Revolving credits	13,945,750	18,160,020	0	0
Financial guarantee contracts	0	0	829,250	829,250
	<u>110,572,712</u>	<u>84,528,986</u>	<u>27,912,475</u>	<u>17,897,506</u>
Non-current liabilities				
Secured				
Term loans	<u>30,636,668</u>	<u>31,410,098</u>	<u>1,443,930</u>	<u>2,532,385</u>
Total loans and borrowings				
Bank overdrafts	13,000,579	3,035,254	13,000,579	3,035,254
Banker acceptance	12,925,882	6,683,257	0	0
Revolving credits	76,748,155	68,160,020	13,000,000	13,000,000
Term loans	<u>38,534,764</u>	<u>38,060,553</u>	<u>2,526,576</u>	<u>3,565,387</u>
	141,209,380	115,939,084	28,527,155	19,600,641
Financial guarantee contracts	<u>0</u>	<u>0</u>	<u>829,250</u>	<u>829,250</u>
	<u>141,209,380</u>	<u>115,939,084</u>	<u>29,356,405</u>	<u>20,429,891</u>

Secured loans and borrowings are secured against certain property, plant and equipment (Note 4), investment properties (Note 5), right-of-use assets (Note 6), inventories (Note 10) and term deposits (Note 15).

Certain secured and unsecured loans and borrowings are guaranteed by the Company. The total amount guaranteed by the Company is disclosed under the "Financial guarantee contracts" section below.

The effective interest rates of loans and borrowings as at 30 June 2025 ranged from 3.99% to 8.35% (2024 : 3.45% to 8.35%) per annum.

According to the terms of agreement, a secured revolving credit amounted to RM10,625,000 (2024 : RM15,000,000) is subject to certain debt covenants, which require a subsidiary to maintain a gearing ratio of not more than 1.50 at the end of each reporting period and to obtain the bank's prior consent for any change in its shareholding. As at 30 June 2025, the gearing ratio of the subsidiary was 2.04 (2024 : 2.18) and there was change in its shareholding during the previous financial year without obtaining the bank's prior consent. The subsidiary has obtained indulgence letters from the bank for the breach of covenants for both financial years.

... Notes to the Financial Statements

18. Loans and borrowings (cont'd)**Financial guarantee contracts**

The Company entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM205,699,000 (2024 : RM191,673,000). The total utilisation of these credit facilities as at 30 June 2025 amounted to RM124,997,000 (2024 : RM97,446,000).

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The movements of the financial guarantee contracts during the financial year are as follows:

	Company	
	2025	2024
	RM	RM
Balance at 1 July	829,250	281,277
Fair value losses	0	547,973
Balance at 30 June	<u>829,250</u>	<u>829,250</u>

19. Hire purchase payables

	Group	
	2025	2024
	RM	RM
Current liabilities	66,178	45,759
Non-current liabilities	87,927	102,030
	<u>154,105</u>	<u>147,789</u>

Hire purchase payables are secured against certain property, plant and equipment (Note 4).

The effective interest rates of hire purchase payables as at 30 June 2025 ranged from 4.24% to 6.70% (2024 : 4.24%) per annum.

20. Lease liabilities

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Current liabilities	3,971,177	5,135,655	133,833	139,517
Non-current liabilities	10,312,079	4,029,971	0	133,833
	<u>14,283,256</u>	<u>9,165,626</u>	<u>133,833</u>	<u>273,350</u>

The incremental borrowing rates applied to lease liabilities as at 30 June 2025 ranged from 3.67% to 6.00% (2024 : 3.25% to 4.80%) per annum.

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21. Government grants

	Group	
	2025	2024
	RM	RM
Balance at 1 July	171,750	327,963
Amortisation	(31,709)	(156,213)
Balance at 30 June	<u>140,041</u>	<u>171,750</u>
Disclosed as:		
- Current liabilities	31,708	31,708
- Non-current liabilities	<u>108,333</u>	<u>140,042</u>
	<u>140,041</u>	<u>171,750</u>

The Group received grants from the local government under the project of modernisation and upgrading of facilities and equipment. The grants covered 50% of the cost of certain plant and machinery under the project subject to the limits approved by the local government.

22. Deferred tax liabilities

	Group	
	2025	2024
	RM	RM
Balance at 1 July	12,371,237	11,771,373
Acquisition of subsidiary	0	1,063,743
Deferred tax income relating to origination and reversal of temporary differences	(463,227)	(291,479)
Deferred tax liabilities overprovided in prior year	<u>(95,700)</u>	<u>(172,400)</u>
Balance at 30 June	<u>11,812,310</u>	<u>12,371,237</u>
In respect of taxable/(deductible) temporary differences of:		
- Property, plant and equipment	6,080,560	6,216,560
- Investment properties	1,074,000	1,173,000
- Right-of-use assets	(61,000)	96,000
- Intangible assets	5,722,750	5,867,677
- Financial instruments	(637,000)	(268,000)
- Lease liabilities	(367,000)	(552,000)
- Unused capital allowances	<u>0</u>	<u>(162,000)</u>
	<u>11,812,310</u>	<u>12,371,237</u>

... Notes to the Financial Statements

22. Deferred tax liabilities (cont'd)

Save as disclosed above, as at 30 June 2025, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of RM7,463,000 (2024 : RM6,378,000). No further deferred tax assets have been recognised for the following excess of deductible temporary differences, unused capital allowances and tax losses over taxable temporary differences:

	2025 RM	2024 RM
Deductible temporary differences of:		
- Property, plant and equipment	23,000	17,000
- Inventories	2,406,000	2,253,000
- Financial instruments	1,142,000	1,060,000
- Lease liabilities	11,484,000	9,924,000
Unused capital allowances	31,318,000	23,721,000
Unused tax losses:		
- Expiring in year of assessment 2028	17,864,000	18,865,000
- Expiring in year of assessment 2029	2,351,000	2,351,000
- Expiring in year of assessment 2030	1,795,000	1,795,000
- Expiring in year of assessment 2031	2,171,000	2,206,000
- Expiring in year of assessment 2032	3,149,000	3,149,000
- Expiring in year of assessment 2033	10,873,000	10,873,000
- Expiring in year of assessment 2034	11,518,000	11,518,000
- Expiring in year of assessment 2035	13,258,000	0
Taxable temporary differences of:		
- Property, plant and equipment	(19,226,000)	(16,903,000)
- Right-of-use assets	(11,359,000)	(9,664,000)
- Financial instruments	(509,000)	(6,000)
	<u>78,258,000</u>	<u>61,159,000</u>

The deductible temporary differences and unused capital allowances have no expiry date.

23. Share capital

	2025 RM	2024 RM
Issued and fully paid		
326,180,803 ordinary shares with no par value	<u>210,917,984</u>	<u>210,917,984</u>

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

Treasury shares

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 3 July 2002, approved the Company's plan to purchase its own shares. As at 30 June 2025, there were 6,000,000 (2024 : 6,000,000) ordinary shares purchased from the open market and held as treasury shares at total cost of RM9,522,642 (2024 : RM9,522,642). The number of outstanding shares in issue after excluding the treasury shares is 320,180,803 (2024 : 320,180,803).

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24. Capital reserve

Capital reserve represents the capitalisation of retained earnings arising from share issue by subsidiaries, and it is not available for distribution as dividends.

25. Non-controlling interests ("NCI")

Group	Accumulated NCI		Profit/(Loss) allocated to NCI	
	2025 RM	2024 RM	2025 RM	2024 RM
Avelon Healthcare Group Sdn. Bhd.	85,154	(407,924)	493,078	(407,924)
Kual Technologies Sdn. Bhd.	(9,446,447)	(4,894,057)	(4,552,390)	(4,793,834)
Arise Healthcare Sdn. Bhd.	206,783	259,348	(52,565)	79,802
Avelon Healthcare Sdn. Bhd.	7,113,840	9,899,499	(2,785,658)	648,203
Avelon Arise Sdn. Bhd.	746,277	701,956	44,320	132,241
Galaxis Pharma Sdn. Bhd.	0	0	0	(259,937)
Galaxis Healthcare Sdn. Bhd.	1,475,333	1,572,777	(97,444)	268,206
Medicwave (M) Sdn. Bhd.	8,342,622	7,694,671	1,897,476	1,147,533
Micro Surface Treatment Sdn. Bhd.	1,047,271	1,054,274	312,997	589,777
	<u>9,570,833</u>	<u>15,880,544</u>	<u>(4,740,186)</u>	<u>(2,595,933)</u>

The details of the subsidiaries that have NCI are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2025	2024	
Avelon Healthcare Group Sdn. Bhd.	Malaysia	30%	30%	Investment holding
Kual Technologies Sdn. Bhd.	Malaysia	49%	49%	Manufacture of aluminium extrusion, formation, surface treatment for parts manufactured to all industries
<u>Subsidiaries of Avelon Healthcare Group Sdn. Bhd.</u>				
Arise Healthcare Sdn. Bhd.	Malaysia	30%	30%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Arise Sdn. Bhd.	Malaysia	30%	30%	Retail sale of pharmaceutical, medicine and healthcare products
Avelon Healthcare Sdn. Bhd.	Malaysia	30%	30%	Sale of healthcare products
Galaxis Healthcare Sdn. Bhd.	Malaysia	30%	30%	Sale of healthcare products
Medicwave (M) Sdn. Bhd.	Malaysia	51%	51%	Sale of medical devices
<u>Subsidiaries of Kobay Industries Sdn. Bhd.</u>				
Micro Surface Treatment Sdn. Bhd.	Malaysia	10%	10%	Precision plating and surface treatment

25. Non-controlling interests ("NCI") (cont'd)

The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Avelon Healthcare Group Sdn. Bhd.		Kual Technologies Sdn. Bhd.		Arise Healthcare Sdn. Bhd.		Avelon Arise Sdn. Bhd.		Avelon Healthcare Sdn. Bhd.		Galaxis Healthcare Sdn. Bhd.		Medicwave (M) Sdn. Bhd.	
	RM		RM		RM		RM		RM		RM		RM	
2025														
Assets and liabilities														
Non-current assets	37,234,103		35,377,935		81,768		1,445,334		6,361,197		2,442,825		540,067	
Current assets	5,372		29,480,398		847,699		2,794,068		19,012,590		4,283,830		12,351,105	
Current liabilities	(3,309,373)		(25,664,594)		(240,191)		(650,483)		(19,166,132)		(1,900,692)		(702,717)	
Non-current liabilities	0		(11,972,201)		0		(1,101,332)		(317,592)		0		(7,000)	
Net assets	33,930,102		27,221,538		689,276		2,487,587		5,890,063		4,825,963		12,181,455	
Results														
Revenue	1,715,020		42,863,103		3,840,367		8,776,856		54,294,424		6,343,725		11,866,012	
Profit/(Loss) (representing comprehensive income)	1,643,594		(9,290,591)		(175,216)		147,732		(1,280,925)		(324,813)		3,727,637	
Dividends paid to NCI	0		0		0		0		0		0		(1,249,525)	
Net cash (used in)/from operating activities	(268,719)		(2,337,860)		72,778		(225,283)		(2,445,649)		2,434,601		3,343,231	
Net cash from/(used in) investing activities	65,020		(2,108,688)		0		(688)		(62,530)		(2,213,333)		(10,519)	
Net cash from/(used in) financing activities	0		4,544,525		(54,000)		(360,000)		(4,336,572)		0		(2,450,049)	
Net cash (outflow)/inflow	(203,699)		97,977		18,778		(585,971)		(6,844,751)		221,268		882,663	

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25. Non-controlling interests ("NCI") (cont'd)

	Avelon Healthcare Group Sdn. Bhd.					Kual Technologies Sdn. Bhd.		Arise Healthcare Sdn. Bhd.		Avelon Arise Sdn. Bhd.		Avelon Healthcare Sdn. Bhd.		Galaxis Healthcare Sdn. Bhd.		Medicwave (M) Sdn. Bhd.	
	RM					RM		RM		RM		RM		RM		RM	
2024																	
<u>Assets and liabilities</u>																	
Non-current assets	37,234,103					31,908,922		162,707		1,788,804		5,089,654		277,236		559,110	
Current assets	292,576					14,230,908		1,149,765		2,607,325		25,864,548		5,432,537		11,154,042	
Current liabilities	(5,240,171)					(23,855,189)		(433,980)		(638,624)		(23,232,263)		(549,997)		(802,285)	
Non-current liabilities	0					(1,772,512)		(14,000)		(1,417,650)		(586,855)		(9,000)		(7,000)	
Net assets	32,286,508					20,512,129		864,492		2,339,855		7,135,084		5,150,776		10,903,867	
<u>Results</u>																	
Revenue	11,000,000					26,399,309		6,628,829		9,695,444		62,660,700		7,955,858		4,063,735	
(Loss)/Profit (representing comprehensive income)	(1,359,747)					(9,783,334)		266,006		440,803		2,160,677		894,019		2,250,064	
Dividends paid to NCI	0					0		30,000		367,500		787,500		390,000		0	
Net cash from/(used in) operating activities	7,277,509					(10,528,555)		299,485		(148,986)		5,648,723		1,273,843		1,591,663	
Net cash (used in)/from investing activities	(5,275,476)					(2,098,596)		6,078		29,085		(1,282,393)		4,932		(10,023)	
Net cash from/(used in) financing activities	9,199,568					13,088,218		(208,000)		(1,515,000)		1,270,468		(1,348,000)		3,720,000	
Net cash inflow/(outflow)	11,201,601					461,067		97,563		(1,634,901)		5,636,798		(69,225)		5,301,640	

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26. Revenue

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
Revenue from contracts with customers				
<u>Recognised at a point in time</u>				
Sale of goods	268,643,295	269,673,651	0	0
Rendering of services	48,142,213	31,527,933	0	0
Sale of completed development units	3,085,920	5,880,000	0	0
	<u>319,871,428</u>	<u>307,081,584</u>	<u>0</u>	<u>0</u>
<u>Recognised over time</u>				
Property development	19,754,282	21,075,951	0	0
	<u>339,625,710</u>	<u>328,157,535</u>	<u>0</u>	<u>0</u>
Revenue from other sources				
Dividend income	0	0	18,927,450	21,617,421
Interest income	421,735	452,744	0	0
Operating lease income	1,879,847	1,834,874	0	0
	<u>2,301,582</u>	<u>2,287,618</u>	<u>18,927,450</u>	<u>21,617,421</u>
	<u>341,927,292</u>	<u>330,445,153</u>	<u>18,927,450</u>	<u>21,617,421</u>

Revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	Group	
	2025	2024
	RM	RM
		(Restated)
Malaysia	262,562,984	279,043,266
Singapore	22,861,581	8,274,378
United States of America	32,999,189	23,722,776
Others	21,201,956	17,117,115
	<u>339,625,710</u>	<u>328,157,535</u>

Revenue from sale of goods is recognised at a point in time when goods have been delivered and accepted by customers.

Revenue from rendering of services is recognised at a point in time upon completion of the services and acceptance by the customers.

For sale of completed development units, the Group determines that the transfer of control generally coincides with the delivery of vacant possession. Accordingly, revenue is recognised at a point in time when the vacant possession has been delivered to the customer.

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26. Revenue (cont'd)

Revenue from contracts with customers (cont'd)

For sale of properties under development, the Group determines that the transfer of control generally coincides with the Group's performance as the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Accordingly, revenue is recognised over time during the development period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

There is no significant financing component in the revenue from contracts with customers as the sales are made on the normal credit terms not exceeding 12 months.

Revenue from other sources

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

Interest income is recognised using the effective interest method.

Operating lease income is accounted for on a straight line basis over the lease term of an ongoing lease.

27. Impairment losses on financial assets

	Group	
	2025	2024
	RM	RM
Trade receivables from contracts with customers	399,587	1,411,598
Other receivables	48,501	0
	<u>448,088</u>	<u>1,411,598</u>

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28. (Loss)/Profit before tax

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
(Loss)/Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Audit fees:				
- Current year	497,500	382,400	100,000	55,000
- Prior year	1,000	20,200	0	21,200
- Non-audit fees	5,000	26,600	5,000	6,600
Amortisation of:				
- Intangible assets	603,862	331,236	0	0
- Contract costs	94,267	2,547	0	0
Depreciation of:				
- Property, plant and equipment	15,966,735	13,558,862	78,290	96,243
- Investment properties	310,139	317,717	0	0
- Right-of-use assets	5,215,646	3,639,230	139,071	139,072
Direct operating expenditure for investment properties generating operating lease income	148,666	104,625	0	0
Employee benefits expense (including key management personnel compensation as disclosed in Note 32):				
- Short-term employee benefits	72,378,037	68,691,740	823,781	791,724
- Defined contribution plans	6,011,149	5,932,568	43,715	41,019
	78,389,186	74,624,308	867,496	832,743
Fair value losses on financial guarantee contracts	0	0	0	547,973
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss:				
- Other investments	0	235,704	0	0
- Contingent consideration	0	1,068,148	0	1,116,600
- Put option liability	144,821	0	0	0
Impairment loss on intangible assets ^(a)	30,333,592	0	0	0
Impairment loss on property, plant and equipment ^(a)	55,411	1,867,786	0	0
Impairment loss on investments in subsidiaries ^(a)	0	0	8,997,935	11,646,757
Interest expense for financial liabilities not measured at fair value through profit or loss:				
- Landowners' entitlements	1,072,747	492,517	0	0
- Loans and borrowings	6,494,790	5,518,826	1,482,407	1,689,059
- Hire purchase payables	6,579	7,315	0	0

... Notes to the Financial Statements

28. (Loss)/Profit before tax (cont'd)

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
Interest expense for lease liabilities	650,522	110,089	9,973	16,432
Lease expense relating to:				
- Short-term leases	2,693,953	1,269,191	0	0
- Leases of low-value assets (other than short-term leases)	56,377	322,184	0	0
- Variable lease payments not included in measurement of lease liabilities	2,559,920	525,124	0	0
Loss on disposal of property, plant and equipment	4,583	0	0	0
Loss on disposal of subsidiaries	0	9,112	0	30,356,870
Loss on foreign exchange:				
- Realised	991,540	152,839	0	0
- Unrealised	97,553	0	0	0
Prepayment written off	740,000	0	0	0
Property, plant and equipment written off	629,321	103,743	1,625	589
and crediting:				
Amortisation of government grants	31,709	156,213	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss:				
- Other investments	1,581,783	0	0	0
- Derivatives	400,261	116,594	0	0
- Short-term funds	1,086,485	954,202	22,016	21,110
- Contingent consideration	12,638	0	0	0
Gain on derecognition of right-of-use assets	672,589	6,661	0	0
Gain on disposal of property, plant and equipment	0	142,110	0	0
Interest income for financial assets measured at amortised cost	727,594	332,896	1,935,582	2,357,523
Unrealised gain on foreign exchange	0	47,015	0	0

^(a) Included in administrative and general expenses

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29. Tax expense

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Tax based on results for the year:				
- Current tax	10,273,102	11,654,618	285,000	312,000
- Deferred tax	(463,227)	(291,479)	0	0
	<u>9,809,875</u>	<u>11,363,139</u>	<u>285,000</u>	<u>312,000</u>
Tax (over)/under provided in prior year:				
- Current tax	(450,712)	(1,685,272)	27,782	(16,300)
- Deferred tax	(95,700)	(172,400)	0	0
	<u>9,263,463</u>	<u>9,505,467</u>	<u>312,782</u>	<u>295,700</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:

	Group		Company	
	2025	2024	2025	2024
	%	%	%	%
Applicable tax rate	(24.00)	24.00	24.00	(24.00)
Non-deductible expenses	91.78	18.60	40.97	46.78
Non-taxable income	(9.35)	(3.09)	(61.14)	(21.52)
Tax incentives claimed	(2.10)	(0.37)	0.00	0.00
Tax exempt income	(2.81)	0.00	0.00	0.00
Effect of differential tax rates	0.00	(0.22)	0.00	0.00
Increase/(Decrease) in unrecognised deferred tax assets	38.56	16.29	0.00	0.00
Average effective tax rate	<u>92.08</u>	<u>55.21</u>	<u>3.83</u>	<u>1.26</u>

30. (Loss)/Earnings per share

Group

The basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2025	2024 (Restated)
(Loss)/Profit for the financial year attributable to owners of the Company (RM)	<u>(15,176,456)</u>	<u>13,673,912</u>
Weighted average number of shares in issue	<u>320,180,803</u>	<u>320,180,803</u>
Basic (loss)/earnings per share (sen)	<u>(4.74)</u>	<u>4.27</u>

The diluted (loss)/earnings per share equals the basic (loss)/earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

... Notes to the Financial Statements

31. Notes to consolidated statement of cash flows

Acquisition of property, plant and equipment

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cost of property, plant and equipment acquired	33,968,860	10,202,741	23,438	73,877
Amount financed through hire purchase	(58,000)	0	0	0
Net cash disbursed	<u>33,910,860</u>	<u>10,202,741</u>	<u>23,438</u>	<u>73,877</u>

Acquisition of right-of-use assets

	Group	
	2025	2024
	RM	RM
Cost of right-of-use assets acquired	9,878,312	6,319,562
Acquisition by means of leases	<u>(9,866,992)</u>	<u>(6,277,662)</u>
Net cash disbursed	<u>11,320</u>	<u>41,900</u>

Term loans

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Balance at 1 July	38,060,553	44,613,258	3,565,387	4,559,048
Drawdowns	8,030,170	241,200	0	0
Repayments	(7,268,329)	(6,793,905)	(1,038,811)	(993,661)
Currency translation differences	(287,630)	0	0	0
Balance at 30 June (Note 18)	<u>38,534,764</u>	<u>38,060,553</u>	<u>2,526,576</u>	<u>3,565,387</u>

Short-term loans and borrowings

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Balance at 1 July	74,843,277	41,213,770	13,000,000	8,802,794
Net cash flow changes	16,330,208	33,896,473	0	4,197,206
Currency translation differences	(1,499,448)	(266,966)	0	0
Balance at 30 June	<u>89,674,037</u>	<u>74,843,277</u>	<u>13,000,000</u>	<u>13,000,000</u>
Represented by:				
- Banker acceptance (Note 18)	12,925,882	6,683,257	0	0
- Revolving credits (Note 18)	76,748,155	68,160,020	13,000,000	13,000,000
	<u>89,674,037</u>	<u>74,843,277</u>	<u>13,000,000</u>	<u>13,000,000</u>

... Notes to the Financial Statements

31. Notes to consolidated statement of cash flows (cont'd)

Hire purchase payables

	Group	
	2025	2024
	RM	RM
Balance at 1 July	147,789	191,606
Drawdowns	58,000	0
Repayments	(51,684)	(43,817)
Balance at 30 June (Note 19)	<u>154,105</u>	<u>147,789</u>

Lease liabilities

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Balance at 1 July	9,165,626	5,336,359	273,350	406,408
Acquisition of right-of-use assets	9,866,992	6,277,662	0	0
Remeasurement from reassessment or lease modifications	791,473	0	0	0
Payments	(3,179,788)	(2,262,669)	(139,517)	(133,058)
Derecognition	(2,361,047)	(185,726)	0	0
Balance at 30 June (Note 20)	<u>14,283,256</u>	<u>9,165,626</u>	<u>133,833</u>	<u>273,350</u>

The total cash outflow for leases is as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Operating activities				
Lease expense recognised in profit or loss (Note 28)	5,310,250	2,116,499	0	0
Investing activities				
Acquisition of right-of-use assets	11,320	41,900	0	0
Financing activities				
Interest portion of lease liabilities (Note 28)	650,522	110,089	9,973	16,432
Principal portion of lease liabilities	<u>3,179,788</u>	<u>2,262,669</u>	<u>139,517</u>	<u>133,058</u>
	<u>9,151,880</u>	<u>4,531,157</u>	<u>149,490</u>	<u>149,490</u>

... Notes to the Financial Statements

31. Notes to consolidated statement of cash flows (cont'd)

Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash and cash equivalents	53,488,288	57,942,781	1,729,720	951,147
Term deposits pledged to licensed banks	(3,249,209)	(3,177,817)	0	0
Term deposits with tenure of more than 3 months	0	(307,795)	0	0
Available cash	50,239,079	54,457,169	1,729,720	951,147
Bank overdrafts	(13,000,579)	(3,035,254)	(13,000,579)	(3,035,254)
	<u>37,238,500</u>	<u>51,421,915</u>	<u>(11,270,859)</u>	<u>(2,084,107)</u>

32. Key management personnel compensation

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Directors of the Company:				
- Fees	71,424	65,066	66,424	65,066
- Other short-term employee benefits	1,317,026	1,171,437	594,879	535,259
- Defined contribution plans	108,662	61,239	23,097	20,135
	<u>1,497,112</u>	<u>1,297,742</u>	<u>684,400</u>	<u>620,460</u>
Directors of subsidiaries:				
- Fees	30,000	70,000	0	0
- Other short-term employee benefits	3,810,339	2,096,586	0	0
- Defined contribution plans	472,776	283,885	0	0
	<u>4,313,115</u>	<u>2,450,471</u>	<u>0</u>	<u>0</u>
	<u>5,810,227</u>	<u>3,748,213</u>	<u>684,400</u>	<u>620,460</u>

... Notes to the Financial Statements

33. Related party disclosures

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8.
- (ii) Key management personnel, which comprises persons (including the directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly;
- (iii) Companies in which certain directors, or family members of certain directors have substantial financial interests; and
- (iv) Family members of directors of the Company and its subsidiaries.

In addition to the transactions and balances detailed elsewhere in the financial statements, transactions with related parties during the financial year are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Acquisition of trademark from a director of subsidiary	2,200,000	0	0	0
Dividends declared by subsidiaries	0	0	18,927,450	21,617,421
Interest charged by subsidiaries	0	0	87,706	0
Interest charged to subsidiaries	0	0	1,922,188	2,342,670
Management fees charged by subsidiary	0	0	1,349,190	1,868,760
Purchase of goods from other related parties ^(a)	1,514,493	2,596,537	0	0
Redemption of shares by subsidiaries	0	0	1,100,000	16,900,000
Rendering of services to other related party ^(a)	3,506,071	0	0	0
Rental charged by other related parties ^(a)	950,399	321,198	149,490	149,490
Sale of goods to other related parties ^(a)	115,748	183,247	0	0
Subscription for shares in subsidiaries	0	0	16,000,000	10,000,070

^(a) Being companies in which certain directors have substantial financial interests

34. Segment reporting**Operating segments**

Kobay Technology Bhd. has arrived at 6 reportable segments that are organised and managed separately according to the products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Manufacturing
 - Manufacture of precision machined components, precision metal stamping, sheet metal parts, surface treatment, precision moulds and parts, tooling and form dies, semiconductor assembly and testing equipment, metal works and structures, modules and parts for oil and gas production and extraction equipment and components and sub-assemblies for aerospace parts
- (ii) Property development
 - Property development and property management
- (iii) Pharmaceutical and healthcare
 - Wholesale and retail sale of pharmaceutical and healthcare products
- (iv) Asset management
 - Property letting, operation of dormitory and hotel operators
- (v) Investment holding
 - Investment holding
- (vi) Others
 - Money lending and management services

... Notes to the Financial Statements

34. Segment reporting (cont'd)

Operating segments (cont'd)

The accounting policies of operating segments are the same as those described in the respective notes to the financial statements. The Group evaluates performance on the basis of profit or loss from operations before tax not including nonrecurring gain/(losses), such as bargain purchase gain and goodwill on consolidation written off. These policies have been applied consistently throughout the current and previous financial years.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position. The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilities reported in the statements of financial position.

34. Segment reporting (cont'd)**Operating segments (cont'd)**

Group	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and eliminations RM	Total RM
2025								
Statement of financial position								
Segment assets	344,565,827	194,218,879	58,697,125	29,595,185	374,947,631	18,500,643	(398,717,406)	621,807,884
Included in the measure of segment assets are:								
- Additions to non-current assets	43,312,926	52,400	2,287,085	1,003,691	23,438	140,625	(772,993)	46,047,172
Segment liabilities	173,305,206	90,255,897	30,489,833	12,221,085	39,718,318	772,520	(93,879,592)	252,883,267
Statement of comprehensive income								
Segment profit/(loss)	10,022,482	(1,583,664)	2,047,797	2,719,126	23,952,108	222,095	(57,296,586)	(19,916,642)
Included in the measure of segment profit are:								
- External revenue	214,894,367	22,840,202	76,735,830	27,035,158	0	421,735	0	341,927,292
- Intersegment revenue	27,248,660	1,463,147	0	1,390,200	36,154,900	9,357,399	(75,614,306)	0
- Interest income	236,258	103,014	2,772	22,035	1,937,614	1,007,795	(2,581,894)	727,594
- Non-cash income	815,165	0	2,101,346	0	(58,405)	3,568	(162,694)	2,698,980
- Interest expense	4,335,548	3,945,811	915,183	276,793	1,492,380	6,530	(2,747,607)	8,224,638
- Amortisation and depreciation	22,297,136	274,133	1,537,455	3,163,838	229,049	185,097	(5,496,059)	22,190,649
- Other non-cash expenses	4,106,677	758,689	186,934	48,501	30,336,956	0	0	35,437,757
- Tax expense	6,306,318	352,570	1,030,529	1,141,824	312,969	166,035	(46,782)	9,263,463

... Notes to the Financial Statements

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34. Segment reporting (cont'd)

Operating segments (cont'd)

Group	Manufacturing RM	Property development RM	Pharmaceutical and healthcare RM	Asset management RM	Investment holding RM	Others RM	Consolidation adjustments and eliminations RM	Total RM
2024 (Restated)								
Statement of financial position								
Segment assets	261,872,831	190,826,887	64,163,339	70,912,433	348,620,104	19,568,292	(345,774,880)	610,189,006
Included in the measure of segment assets are:								
- Additions to non-current assets	11,296,722	11,187	3,860,193	2,632,302	92,546	160,979	(346,487)	17,707,442
Segment liabilities	112,065,708	85,280,240	37,268,831	41,468,064	20,771,576	1,073,194	(78,149,391)	219,778,222
Statement of comprehensive income								
Segment profit/(loss)	7,851,860	(265,242)	3,933,500	1,474,660	(17,998,102)	831,773	15,249,530	11,077,979
Included in the measure of segment profit are:								
- External revenue	203,933,557	26,955,951	81,335,057	17,767,844	0	452,744	0	330,445,153
- Intersegment revenue	17,610,508	2,748,091	0	5,323,688	39,738,271	8,331,377	(73,751,935)	0
- Interest income	93,871	159,650	16,497	20,869	2,358,800	25,879	(2,342,670)	332,896
- Non-cash income	319,822	0	6,661	0	0	0	0	326,483
- Interest expense	2,393,217	3,688,697	67,264	1,496,893	1,705,491	13,947	(3,236,762)	6,128,747
- Amortisation and depreciation	17,947,089	178,192	1,230,057	4,784,472	250,043	178,436	(6,718,697)	17,849,592
- Other non-cash expenses	4,416,078	0	86,080	0	1,068,148	235,704	0	5,806,010
- Tax expense	6,449,444	(209,627)	1,925,025	1,083,963	296,937	6,507	(46,782)	9,505,467

... Notes to the Financial Statements

34. Segment reporting (cont'd)**Geographical information**

The manufacturing facilities and sales offices of the Group are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from where the customers are originated.

Majority of the segment assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets and liabilities of the Group.

Revenue information based on the geographical location of customers are presented in Note 26.

Major customers

The Group did not have any major customer that contributed 10% or more of its total revenue.

35. Contractual commitments

	Group	
	2025	2024
	RM	RM
Acquisition of property, plant and equipment	<u>22,639,000</u>	<u>3,696,000</u>

36. Financial instruments

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

36.1 Financial risk management policies

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

... Notes to the Financial Statements

36. Financial instruments (cont'd)**36.1 Financial risk management policies (cont'd)****Credit risk****(i) Credit risk concentration profile**

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 June 2025, there were 2 (2024 : nil) major customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM14,291,726. The credit risk concentration profile by geographical areas of trade receivables is as follows:

	Group 2025 RM	2024 RM (Restated)
Malaysia	55,455,209	53,090,651
China	2,239,157	4,059,034
United States of America	5,849,306	5,450,608
Singapore	4,623,493	2,195,905
Others	3,396,435	2,893,230
	<u>71,563,600</u>	<u>67,689,428</u>

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes financial guarantees provided to its subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 18.

(iii) Assessment of impairment losses

The Group's exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

Trade receivables and contract assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 180 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

... Notes to the Financial Statements

36. Financial instruments (cont'd)**36.1 Financial risk management policies (cont'd)****Credit risk (cont'd)**

(iii) Assessment of impairment losses (cont'd)

Allowance for impairment losses

The changes in the loss allowance are as follows:

Group	Not credit- impaired RM	Credit- impaired RM	Total RM
Balance at 1 July 2023	99,000	921,770	1,020,770
Impairment losses	31,311	1,380,287	1,411,598
Balance at 30 June 2024	130,311	2,302,057	2,432,368
Impairment losses	(125,949)	525,536	399,587
Balance at 30 June 2025	4,362	2,827,593	2,831,955

The following table details the credit exposure and loss allowances recognised for trade receivables and contract assets.

Group	Gross amount RM	Lifetime individual allowance RM	Lifetime collective allowance RM	Carrying amount RM
2025				
Not past due	53,610,878	0	(3,511)	53,607,367
1 to 30 days past due	10,425,334	0	(851)	10,424,483
31 to 60 days past due	1,496,573	0	0	1,496,573
61 to 90 days past due	2,001,513	0	0	2,001,513
More than 90 days past due	4,033,664	0	0	4,033,664
Credit-impaired	2,827,593	(2,827,593)	0	0
Trade receivables	74,395,555	(2,827,593)	(4,362)	71,563,600
Contract assets	10,870,332	0	0	10,870,332
	85,265,887	(2,827,593)	(4,362)	82,433,932

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.1 Financial risk management policies (cont'd)

Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables and contract assets (cont'd)

Allowance for impairment losses (cont'd)

Group	Gross amount RM	Lifetime individual allowance RM	Lifetime collective allowance RM	Carrying amount RM
2024				
(Restated)				
Not past due	49,937,811	0	(8,412)	49,929,399
1 to 30 days past due	8,144,743	0	(12,958)	8,131,785
31 to 60 days past due	4,977,030	0	(13,637)	4,963,393
61 to 90 days past due	1,370,461	0	(8,677)	1,361,784
More than 90 days past due	3,389,694	0	(86,627)	3,303,067
Credit-impaired	2,302,057	(2,302,057)	0	0
Trade receivables	70,121,796	(2,302,057)	(130,311)	67,689,428

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2024 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Other receivables and amounts due from subsidiaries

The Group and the Company apply the general approach to measuring expected credit losses for its other receivables and amounts due from subsidiaries. Under this approach, The Group and the Company assess whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company measure the expected credit losses on an individual basis, which is aligned with its credit risk management practices on the inter-company balances.

Allowance for impairment losses

The changes in the loss allowance are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Balance at 1 July	0	0	2,271,156	2,271,156
Impairment losses	48,501	0	0	0
Balance at 30 June	48,501	0	2,271,156	2,271,156

... Notes to the Financial Statements

36. Financial instruments (cont'd)**36.1 Financial risk management policies (cont'd)****Credit risk (cont'd)**

(iii) Assessment of impairment losses (cont'd)

Other receivables and amounts due from subsidiaries (cont'd)Allowance for impairment losses (cont'd)

The above loss allowance is in respect of individually assessed credit-impaired other receivables and subsidiaries. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on other receivables and subsidiaries that are not credit-impaired are not considered to be material and hence, have not been recognised.

Term deposits with licensed banks, cash and bank balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial guarantee contracts

All financial guarantee contracts were initially considered performing, with low default risk, and historically no instances have occurred where these guarantees were called upon. As disclosed in Note 18, management has recognised certain financial guarantee contracts at fair value calculated as the present value of the guaranteed amounts multiplied by the estimated probability of default.

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.1 Financial risk management policies (cont'd)

Liquidity risk (cont'd)

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period as disclosed in the respective notes to the financial statements):

Group	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 to 5 years RM	Over 5 years RM
2025					
<u>Non-derivative financial liabilities</u>					
Trade payables	29,759,686	29,759,686	28,137,669	1,622,017	0
Other payables	31,462,499	31,462,499	31,462,499	0	0
Contingent consideration	3,222,693	3,750,000	1,800,000	1,950,000	0
Landowners' entitlements	13,425,524	15,969,500	0	15,969,500	0
Put option liability	4,978,449	7,934,486	7,934,486	0	0
Bank overdrafts	13,000,579	13,000,579	13,000,579	0	0
Banker acceptance	12,925,882	12,925,882	12,925,882	0	0
Revolving credits	76,748,155	76,748,155	76,748,155	0	0
Term loans	38,534,764	44,571,061	9,525,395	27,038,781	8,006,885
Hire purchase payables	154,105	163,566	72,528	91,038	0
Lease liabilities	14,283,256	16,831,935	4,391,440	9,740,495	2,700,000
<u>Derivative financial liabilities</u>					
Forward exchange contracts (gross settled):	56,200				
- gross payments		4,212,500	4,212,500	0	0
- gross receipts		2,316,875	2,316,875	0	0
	238,551,792	259,646,724	192,528,008	56,411,831	10,706,885
2024					
(Restated)					
<u>Non-derivative financial liabilities</u>					
Trade payables	27,320,747	27,320,747	24,385,430	2,935,317	0
Other payables	26,718,226	26,718,226	26,718,226	0	0
Contingent consideration	4,885,331	5,400,000	1,650,000	3,750,000	0
Landowners' entitlements	13,352,777	16,969,500	0	16,969,500	0
Put option liability	4,833,628	6,962,332	6,962,332	0	0
Bank overdrafts	3,035,254	3,035,254	3,035,254	0	0
Banker acceptance	6,683,257	6,683,257	6,683,257	0	0
Revolving credits	68,160,020	68,160,020	68,160,020	0	0
Term loans	38,060,553	43,264,392	7,580,998	25,768,852	9,914,542
Hire purchase payables	147,789	157,642	51,132	106,510	0
Lease liabilities	9,165,626	9,322,851	5,080,212	4,152,639	90,000
<u>Derivative financial liabilities</u>					
Forward exchange contracts (gross settled):	4,200				
- gross receipts		2,342,500	2,342,500	0	0
	202,367,408	216,336,721	152,649,361	53,682,818	10,004,542

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.1 Financial risk management policies (cont'd)

Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 to 5 years RM
2025				
<u>Non-derivative financial liabilities</u>				
Other payables	9,451,430	9,451,430	9,451,430	0
Bank overdrafts	13,000,579	13,000,579	13,000,579	0
Revolving credits	13,000,000	13,000,000	13,000,000	0
Term loans	2,526,576	2,708,479	1,176,000	1,532,479
Financial guarantee contracts*	829,250	124,997,000	124,997,000	0
Lease liabilities	133,833	137,033	137,033	0
	<u>38,941,668</u>	<u>163,294,521</u>	<u>161,762,042</u>	<u>1,532,479</u>
2024				
<u>Non-derivative financial liabilities</u>				
Other payables	475,842	475,842	475,842	0
Bank overdrafts	3,035,254	3,035,254	3,035,254	0
Revolving credits	13,000,000	13,000,000	13,000,000	0
Term loans	3,565,387	3,914,662	1,176,000	2,738,662
Financial guarantee contracts*	829,250	97,446,000	97,446,000	0
Lease liabilities	273,350	286,523	149,490	137,033
	<u>21,179,083</u>	<u>118,158,281</u>	<u>115,282,586</u>	<u>2,875,695</u>

* The disclosure represents the maximum amount that is required to be settled in the event of a default and the lenders, where applicable call on the Company to pay for a subsidiary.

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currency. The functional currency within the Group is Ringgit Malaysia ("RM"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:

	Group Denominated in USD	
	2025 RM	2024 RM
Receivables	31,244,162	27,040,939
Cash and cash equivalents	4,109,520	3,106,573
Payables	(7,770,454)	(5,612,109)
Loans and borrowings	(24,394,230)	(22,026,274)
	<u>3,188,998</u>	<u>2,509,129</u>

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.1 Financial risk management policies (cont'd)

Currency risk (cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:

	Group Profit/(Loss)	
	2025	2024
	RM	RM
Appreciation of USD against RM by 3% (2024 : 2%)	36,357	38,138
Depreciation of USD against RM by 3% (2024 : 2%)	<u>(36,357)</u>	<u>(38,138)</u>

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Fixed rate instruments				
Term deposits	4,330,709	3,635,612	0	0
Banker acceptance	12,925,882	6,683,257	0	0
Hire purchase payables	154,105	147,789	0	0
Lease liabilities	14,283,256	9,165,626	133,833	273,350
Floating rate instruments				
Loan receivables	7,052,799	7,416,829	0	0
Amounts due from subsidiaries	0	0	48,370,700	31,997,500
Amounts due to subsidiaries	0	0	7,621,250	0
Bank overdrafts	13,000,579	3,035,254	13,000,579	3,035,254
Revolving credits	76,748,155	68,160,020	13,000,000	13,000,000
Term loans	<u>38,534,764</u>	<u>38,060,553</u>	<u>2,526,576</u>	<u>3,565,387</u>

... Notes to the Financial Statements

36. Financial instruments (cont'd)**36.1 Financial risk management policies (cont'd)****Interest rate risk (cont'd)**

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss. For floating rate financial instruments measured at amortised cost, based on the standard deviation of interest rate movements over the past 12 months, the Group does not foresee any reasonably possible change in interest rates at the end of the reporting period that would have a material impact on profit or loss.

Other price risk

The Group's exposure to other price risk arises mainly from quoted and unquoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

Any reasonably possible changes in the prices of investments classified as fair value through profit or loss at the end of the reporting period do not have a material impact on profit or loss and equity of the Group and hence, no sensitivity analysis is presented.

36.2 Capital risk management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, interest bearing debts less available cash. Capital includes equity attributable to the owners of the Group. The debt-to-equity ratio of the Group at the end of the reporting period are as follows:

		Group		Company	
	Note	2025 RM	2024 RM (Restated)	2025 RM	2024 RM
Amounts due to subsidiaries	16	0	0	7,621,250	0
Loans and borrowings	18	141,209,380	115,939,084	29,356,405	20,429,891
Hire purchase payables	19	154,105	147,789	0	0
Lease liabilities	20	14,283,256	9,165,626	133,833	273,350
Total interest bearing debts		155,646,741	125,252,499	37,111,488	20,703,241
Less: Available cash	31	(50,239,079)	(54,457,169)	(1,729,720)	(951,147)
Net debt		105,407,662	70,795,330	35,381,768	19,752,094
Total equity		368,924,617	390,410,784	281,478,987	274,353,195
Debt-to-equity ratio (times)		0.29	0.18	0.13	0.07

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.3 Classification of financial instruments

		Group		Company	
	Note	2025 RM	2024 RM (Restated)	2025 RM	2024 RM
Financial assets					
<u>Fair value through profit or loss</u>					
Other investments	9	2,829,831	1,248,048	1,500	1,500
Derivatives	14	1,038,551	586,290	0	0
Short-term funds	15	27,054,223	22,543,223	501,583	627,138
		<u>30,922,605</u>	<u>24,377,561</u>	<u>503,083</u>	<u>628,638</u>
<u>Amortised cost</u>					
Receivables	11	81,075,248	78,821,486	64,228,274	46,042,204
Cash and bank balances	15	22,103,356	31,763,946	1,228,137	324,009
Term deposits	15	4,330,709	3,635,612	0	0
		<u>107,509,313</u>	<u>114,221,044</u>	<u>65,456,411</u>	<u>46,366,213</u>
Financial liabilities					
<u>Fair value through profit or loss</u>					
Derivatives	14	56,200	4,200	0	0
Contingent consideration	16	3,222,693	4,885,331	0	0
Put option liability	17	4,978,449	4,833,628	0	0
		<u>8,257,342</u>	<u>9,723,159</u>	<u>0</u>	<u>0</u>
<u>Amortised cost</u>					
Trade payables	16	29,759,686	27,320,747	0	0
Other payables	16	31,462,499	26,718,226	9,451,430	475,842
Landowners' entitlements	16	13,425,524	13,352,777	0	0
Loans and borrowings	18	141,209,380	115,939,084	28,527,155	19,600,641
Hire purchase payables	19	154,105	147,789	0	0
		<u>216,011,194</u>	<u>183,478,623</u>	<u>37,978,585</u>	<u>20,076,483</u>
<u>Financial guarantee contracts</u>					
Financial guarantee contracts	18	<u>0</u>	<u>0</u>	<u>829,250</u>	<u>829,250</u>

... Notes to the Financial Statements

36. Financial instruments (cont'd)**36.4 Gains or losses arising from financial instruments**

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
		(Restated)		
Net gains/(losses) on:				
- Financial assets at fair value through profit or loss	3,068,529	835,092	22,016	21,110
- Financial assets at amortised costs	186,814	(1,112,489)	1,935,582	2,357,523
- Financial liabilities at fair value through profit or loss	(132,183)	(1,068,148)	0	(1,116,600)
- Financial liabilities at amortised costs	(7,574,116)	(5,526,141)	(1,482,407)	(1,689,059)
- Financial guarantee contracts	0	0	0	(547,973)

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.5 Fair value information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2025								
<u>Financial assets</u>								
Other investments:								
- Quoted	16,893	0	0	0	0	0	16,893	16,893
- Unquoted	0	0	2,812,938	0	0	0	2,812,938	2,812,938
Derivatives:								
- Forward exchange contracts	32,231	0	0	0	0	0	32,231	32,231
- Call option	0	0	1,006,320	0	0	0	1,006,320	1,006,320
Short-term funds	27,054,223	0	0	0	0	0	27,054,223	27,054,223
Loan receivables	0	0	0	0	7,052,799	0	7,052,799	7,052,799
<u>Financial liabilities</u>								
Derivatives:								
- Forward exchange contracts	56,200	0	0	0	0	0	56,200	56,200
Contingent consideration								
Put option liability	0	0	3,222,693	0	0	0	3,222,693	3,222,693
Landowners' entitlements	0	0	4,978,449	0	0	0	4,978,449	4,978,449
Term loans	0	0	0	0	13,425,524	0	13,425,524	13,425,524
Hire purchase payables	0	0	0	0	38,534,764	0	38,534,764	38,534,764
					154,105	0	154,105	154,105

36. Financial instruments (cont'd)

36.5 Fair value information (cont'd)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2024								
(Restated)								
<u>Financial assets</u>								
Other investments:								
- Quoted	45,058	0	0	0	0	0	45,058	45,058
- Unquoted	0	0	1,202,990	0	0	0	1,202,990	1,202,990
<u>Derivatives:</u>								
- Forward exchange contracts	28,490	0	0	0	0	0	28,490	28,490
- Call option	0	0	557,800	0	0	0	557,800	557,800
Short-term funds	22,543,223	0	0	0	0	0	22,543,223	22,543,223
Loan receivables	0	0	0	0	7,416,829	0	7,416,829	7,416,829
<u>Financial liabilities</u>								
<u>Derivatives:</u>								
- Forward exchange contracts	4,200	0	0	0	0	0	4,200	4,200
Contingent consideration	0	0	4,885,331	0	0	0	4,885,331	4,885,331
Put option liability	0	0	4,833,628	0	0	0	4,833,628	4,833,628
Landowners' entitlements	0	0	0	0	13,352,777	0	13,352,777	13,352,777
Term loans	0	0	0	0	38,060,553	0	38,060,553	38,060,553
Hire purchase payables	0	0	0	0	147,789	0	147,789	147,789

... Notes to the Financial Statements

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.5 Fair value information (cont'd)

Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2025								
<u>Financial assets</u>								
Other investments:								
- Unquoted	0	0	1,500	0	0	0	1,500	1,500
Short-term funds	501,583	0	0	0	0	0	501,583	501,583
<u>Financial liabilities</u>								
Term loans	0	0	0	0	2,526,576	0	2,526,576	2,526,576
Financial guarantee contracts	0	0	0	0	0	829,250	829,250	829,250
2024								
<u>Financial assets</u>								
Other investments:								
- Unquoted	0	0	1,500	0	0	0	1,500	1,500
Short-term funds	627,138	0	0	0	0	0	627,138	627,138
<u>Financial liabilities</u>								
Term loans	0	0	0	0	3,565,387	0	3,565,387	3,565,387
Financial guarantee contracts	0	0	0	0	0	829,250	829,250	829,250

... Notes to the Financial Statements

36. Financial instruments (cont'd)

36.5 Fair value information (cont'd)

Fair value of financial instruments carried at fair value

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets.

The fair values of unquoted investments are estimated based on management's estimation by reference to market evidence of transaction price, and external and independent valuers, having appropriate recognised professional qualifications and recent experience in the industry and category of investments being valued.

The fair values of derivatives and short-term funds are directly measured using their unadjusted market values quoted by financial institutions.

The fair value of the call option is determined using the Binomial option pricing model, which involves significant judgements and assumptions made by management. The key assumptions used in the valuation include expected underlying share price of MMSB, expected exercise call price, risk-free interest rate, expected dividend yield and expected volatility.

The fair values of contingent consideration and put option liability are measured using probability-weighted present value technique by discounting the expected future cash flows at a discount rate derived from the observable cost of capital of comparable listed companies.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

Fair value of financial instruments not carried at fair value

The fair values of long-term trade receivables, landowners' entitlements, term loans and hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar assets or liabilities.

The fair values of financial guarantee contracts are measured using present value technique by discounting the difference in expected future cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or by reference to the estimated amount payable to a third party for assuming the obligations.

There were no transfers between Level 1, Level 2 and Level 3 during the financial year.

37. Comparative figures

(a) Prior year adjustments

- (i) A subsidiary, LD Global Sdn. Bhd. ("LGSB"), identified an error in the prior years relating to the recognition of revenue and cost of sales on a development unit under a Sale and Purchase Agreement ("SPA") dated 2 September 2020.

LGSB had previously recognised revenue of RM1,929,450 and cost of sales of RM1,163,458 over the period from 2021 to 2024. Based on information available, LGSB determined that the recoverability of the receivable under the SPA was not probable at the point of revenue recognition. The said revenue and cost of sales had been adjusted in accordance with MFRS 15 Revenue from Contracts with Customers and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. The unit has also been reclassified to inventories as completed development units.

- (ii) A subsidiary, Premierview Property Sdn. Bhd., entered into a joint development agreement ("JDA") on 2 September 2016 with a landowner. Under the said JDA, the landowner is entitled to RM12,897,500, estimated based on the agreed percentage of the total development units of the property development project. An initial payment of RM2,000,000 was made and recorded as a deposit, while the remaining entitlement of RM10,897,500 was not recognised.

... Notes to the Financial Statements

37. Comparative figures (cont'd)

(a) Prior year adjustments (cont'd)

- (ii) The management determined that the landowner's entitlement should have been recognised in the financial statements in accordance with MFRS 102 *Inventories* and MFRS 11 *Joint Arrangements*, with a corresponding financial liability measured at fair value under MFRS 9 *Financial Instruments*. The liability is subsequently measured at amortised cost, with unwinding of discount recognised as finance cost in profit or loss. The said deposit of RM2,000,000 has been reclassified to inventories.
- (iii) A subsidiary, Kobay SB Sdn. Bhd., entered into a JDA on 30 October 2017 with a landowner. Under the said JDA, the landowner is entitled to RM6,072,000, estimated based on the agreed number of development units of the property development project. and the power of attorney granting the right of access to the land was executed on 13 February 2018. The landowner's entitlement of RM6,072,000 was recognised as inventories and a corresponding payable during the previous financial year.

The management determined that the landowner's entitlement should have been recognised at fair value in the financial year 2018 in accordance with MFRS 102 *Inventories* and MFRS 11 *Joint Arrangements*, with a corresponding financial liability measured under MFRS 9 *Financial Instruments*. The liability is subsequently measured at amortised cost, with unwinding of the discount recognised as finance cost in profit or loss.

(b) Reclassification of comparative figures

Certain figures have been reclassified to conform with the presentation of the current financial year.

... Notes to the Financial Statements

37. Comparative figures (cont'd)

The Group and the Company have restated and reclassified the affected financial statement line items for the prior years to correct the errors and to conform with the current year's presentation, as follows:

Group	As previously reported RM	Prior year adjustments RM	Reclassifica- tions RM	As restated RM
Statement of financial position as at 1 July 2023				
Property, plant and equipment	182,117,359	0	(38,542,754)	143,574,605
Right-of-use assets	0	0	38,542,754	38,542,754
Inventories	195,991,275	13,815,343	0	209,806,618
Receivables	72,366,936	(2,000,000)	0	70,366,936
Prepayments	6,893,372	(1,447,088)	0	5,446,284
Contract liabilities	848,540	427,180	0	1,275,720
Payables	53,746,355	15,736,952	0	69,483,307
Hire purchase payables	0	0	191,606	191,606
Lease liabilities	5,527,965	0	(191,606)	5,336,359
Retained profits	177,232,482	(5,795,877)	0	171,436,605
Total equity	394,036,069	(5,795,877)	0	388,240,192
Statement of financial position as at 30 June 2024				
Property, plant and equipment	179,714,944	0	(41,044,021)	138,670,923
Right-of-use assets	0	0	41,044,021	41,044,021
Inventories	204,685,544	4,892,803	0	209,578,347
Contract costs	0	0	10,186	10,186
Receivables	81,303,848	(2,482,362)	0	78,821,486
Prepayments	11,479,101	(1,447,088)	0	10,032,013
Contract liabilities	2,157,662	0	10,186	2,167,848
Payables	64,996,304	7,280,777	0	72,277,081
Hire purchase payables	0	0	147,789	147,789
Lease liabilities	9,313,415	0	(147,789)	9,165,626
Retained profits	182,735,950	(6,317,424)	0	176,418,526
Total equity	396,728,208	(6,317,424)	0	390,410,784
Statement of comprehensive income for the financial year ended 30 June 2024				
Revenue	330,500,335	(55,182)	0	330,445,153
Cost of revenue	(251,361,304)	26,152	0	(251,335,152)
Finance costs	(5,636,230)	(492,517)	0	(6,128,747)
Profit (representing comprehensive income) for the financial year	11,599,526	(521,547)	0	11,077,979
Company				
Statement of financial position as at 1 July 2023				
Property, plant and equipment	617,661	0	(405,625)	212,036
Right-of-use assets	0	0	405,625	405,625
Statement of financial position as at 30 June 2024				
Property, plant and equipment	454,618	0	(266,553)	188,065
Right-of-use assets	0	0	266,553	266,553

The prior year adjustments and reclassifications did not have any significant impacts on the reported cash flows.

Shareholding Statistic

as at 30 September 2025

Analysis of Shareholdings as at 30 September 2025

Issued Share Capital	:	320,180,803 *
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights	:	One vote per ordinary share

Distribution Schedule of Shareholders

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	185	2.66	4,957	**
100 - 1,000	1,473	21.13	902,708	0.28
1,001 - 10,000	3,786	54.32	17,891,563	5.59
10,001 - 100,000	1,410	20.23	38,015,365	11.87
100,001 - 16,009,039 #	113	1.62	90,318,170	28.21
16,009,040 and above ##	3	0.04	173,048,040	54.05
TOTAL	6,970	100.00	320,180,803	100.00

Substantial Shareholders' Shareholdings based on Register of Substantial Shareholders

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
KOBAY HOLDINGS SDN BHD	113,333,940	35.40	-	-
DATO' SERI KOAY HEAN ENG	-	-	119,320,084 ^	37.27
KOAY ZEE EE	-	-	119,320,084 ^	37.27
NORINV KAPITAL SDN BHD	59,714,100	18.65	-	-

Directors' Shareholdings based on Register of Director's Shareholdings

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
DATO' SERI KOAY HEAN ENG	-	-	119,320,084 ^	37.27
KOAY CHENG LYE	-	-	14,783,507 @	4.62
PUAN SHARIFAH BINTI DATO' SYED MAHADZAAR JAMALULLIL	-	-	-	-
KOAY WOOL SEONG	-	-	12,698,894 +	3.97
KOAY ZEE EE	-	-	119,320,084 ^	37.27
LIM SIEW WEE	-	-	-	-
KOAY PEI FENG	240,650	0.08	-	-

Notes:

* The issued shares as per Record of Depositors as at 30 September 2025 excluding 6,000,000 shares held as Treasury Shares

** Negligible

Less than 5% of issued shares

5% and above of issued shares

^ Deemed interest by virtue of shares held by Kobay Holdings Sdn Bhd & GXR Capital Sdn Bhd in which the director has interest

@ Deemed interest by virtue of shares held by Inna Capital Sdn Bhd in which the director has interest

+ Deemed interest by virtue of shares held by Premiargrow Capital Sdn Bhd in which the director has interest

By virtue of their interests in shares in Kobay Holdings Sdn Bhd, Dato' Seri Koay Hean Eng and Koay Zee Ee are deemed to have interests in shares in Kobay and all the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

... Shareholding Statistic

30 Largest Securities Account Holders

(without aggregating the securities from different securities accounts belonging to the same person)

	Name of Shareholders	No. of Shares Held	%
1	KOBAY HOLDINGS SDN BHD	113,333,940	35.40
2	NORINV KAPITAL SDN BHD	40,050,900	12.51
3	NORINV KAPITAL SDN BHD	19,663,200	6.14
4	INNA CAPITAL SDN.BHD.	14,783,507	4.62
5	PREMIERGROW CAPITAL SDN. BHD.	12,698,894	3.97
6	CH'NG CHUON GHEE	6,401,400	2.00
7	GXR CAPITAL SDN. BHD.	5,986,144	1.87
8	XIANG TINGTING	5,298,100	1.65
9	ANG YING YING	4,183,100	1.31
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>LEMBAGA TABUNG HAJI (AIIMAN)</i>	3,788,700	1.18
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>LEMBAGA TABUNG HAJI (UOB)</i>	2,542,200	0.79
12	LOK GENG CHOON	2,473,900	0.77
13	LAI SHWU YAN	2,401,650	0.75
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)</i>	2,192,400	0.68
15	CH'NG CHUON GHEE	1,659,000	0.52
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)</i>	1,553,500	0.49
17	TAN LAI HOCK	1,062,900	0.33
18	UOBM NOMINEES (TEMPATAN) SDN BHD <i>UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR MALAYSIAN TIMBER COUNCIL (OF-EQ)</i>	861,400	0.27
19	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TA SHUN DHER (M)</i>	779,000	0.24
20	TAN CHOON KEAT	700,000	0.22
21	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK (M) BERHAD FOR SYARIKAT PING THYE TRADING CO. (PENANG) SDN BHD (8544-1501)</i>	600,000	0.19
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>LEE CHIN ARK</i>	600,000	0.19
23	SIAH CHEE HWA	534,000	0.17
24	OOI KOK KEE	518,200	0.16
25	OOI KOK KEE	513,400	0.16
26	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>AHAM ASSET MANAGEMENT BERHAD FOR MALAYSIAN TIMBER COUNCIL (EF-EQ)</i>	486,900	0.15
27	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHOON KEAT</i>	483,100	0.15
28	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHOON KEAT</i>	475,000	0.15
29	LEE KOK HIN	467,500	0.15
30	CHENG NYEK PAW	431,800	0.13
	TOTAL	247,523,735	77.31

List of Properties

as at 30 June 2025

Location	Description/Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.25 RM'000
PN5918, Lot 12383, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 30, Hilir Sungai Kluang 1, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 130,652 sq. ft./ (85,007 sq. ft.)	01.07.1991	Leasehold for 60 years expiring on 26.12.2051/ (30 years)	5,534
PN4028, Lot 12461, Mukim 12, Daerah Barat Daya, Pulau Pinang Plot 83, Medan Bayan Lepas, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang	Single storey factory building with an annexed two storey office block	Approx. 87,599 sq. ft./ (58,104 sq. ft.)	24.06.1998	Leasehold for 60 years expiring on 17.01.2062/ (25 years)	5,843
HS(D) No. 38116, PT 1528 & HS(D) No. 47236, PT 1530, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 2631, Lot 376 & 377, Lorong Perusahaan 10, Phase 3, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory building with an annexed single storey office block	Approx. 118,099 sq. ft./ (86,900 sq. ft.)	20.05.1997	Leasehold for 60 years expiring on 07.08.2045/ (34 years)	5,048
HS(D) No. 42050, PT 5, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang 967, Jalan Perusahaan, Kawasan Perusahaan Prai, 13600 Pulau Pinang	Single storey factory building	Approx. 22,500 sq. ft./ (20,000 sq. ft.)	19.09.1991	Leasehold for 99 years expiring on 21.01.2071/ (32 years)	1,526
GRN459888, Lot No. 6348, GRN459887, Lot No. 6341, Mukim Rimba Terjun, Daerah Pontian, Negeri Johor Lot 3611, Batu 30, Jalan Johor, 81500 Pekan Nenas, Johor	Single storey factory building	Approx. 4.22 hectares (25,630 sq. ft.)	09.06.2009	Freehold/ (14 years)	4,652
GRN24324, Lot No. 2628, Sek 4, Daerah Seberang Prai Utara, Butterworth, Pulau Pinang No. 1, Lorong Bagan Luar, 12000 Butterworth, Pulau Pinang	8 storey hotel building	Approx. 4,305 sq. ft. (36,822 sq. ft.)	06.01.2011	Freehold/ (43 years)	3,589
HS(D) No. 33005, PT 1529, Mukim 1, Daerah Seberang Prai Tengah, Pulau Pinang No. 2478, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory with an annexed two storey office block in front	Approx. 203,259 sq. ft. (127,650 sq. ft.)	14.03.2018	Leasehold for 60 years expiring on 17.12.2045/ (37 years)	19,777

... List of Properties

Location	Description/Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.25 RM'000
HS(D) No. 27773, PT 1358, Mukim 1, District of Seberang Perai Tengah, Pulau Pinang. No. 3016, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Pulau Pinang	Single storey factory & double storey office block	Approx. 659,451 sq. ft. (175,729 sq. ft.)	27.10.2021	Leasehold for 60 years expiring on 03.10.2042/ (23 years)	43,796
No. 33,33-1 & 33-2, Jalan Seri Bintang 2, Taman Sri Bintang, Kepong, 52100 Kuala Lumpur	Three storey mid terraced shop office	Approx. 1,712 sq. ft. (5,133 sq. ft.)	5.08.2021	Freehold/ (4 year)	2,487
Plot W7, Type A, Premium Villa, No.3A, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.04.2021	Freehold/ (6 years)	2,659
Plot W9, Type A, Premium Villa, No.5, Avenue West, Jalan Teluk Baru, Lavanya Residences, Pantai Tengah, 07000 Langkawi, Kedah	One unit of three storey detached house	Approx. 5,404 Sq. ft. (4,640 Sq. ft.)	1.04.2021	Freehold/ (6 years)	2,676
59-1, Block E, No. 1, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor	Office lot cum store	Approx. 1,567 Sq. ft.	23.2.2024	Leasehold for 99 years expiring on 12.04.2085/ (2 year)	483
Land Held For Property Development					
GRN47092 Lot 34, GRN46881 Lot 35, GRN46882 Lot 36, GRN28204 Lot 249, GRN44961 Lot 251, GRN52732 Lot 990, GRN52733 Lot 992, GRN27217 Lot 993, GRN28218 Lot 995, GRN28219 Lot 996, HS (D) No. 18014, PT143 Bandar Tanjung Bungah, Daerah Timur Laut, Pulau Pinang	Vacant land for future development	Approx. 67,336 sq. ft.	01.12.2009/ 25.02.2010/ 18.05.2011/ 29.02.2012	Freehold	14,534
GM 653, Lot 1671, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land for future development	Approx. 33,018 sq. ft.	12.02.2015/ 29.06.2015/ 17.02.2016/ 21.04.2017	Freehold	24,060
GM 654, Lot 1672, Mukim 12, Daerah Barat Daya, Pulau Pinang		Approx. 40,156 sq. ft.	11.09.2015		

... List of Properties

Location	Description/Existing use	Land Area (Built-up Area)	Date of Acquisition	Tenure (Age of Buildings)	Net Book Value @ 30.06.25 RM'000
GM3427, Lot 71125, Mukim 12, Daerah Barat Daya, Pulau Pinang		Approx. 16,910 sq. ft.	24.04.2015		
GM 652, Lot 1670, Mukim 12, Daerah Barat Daya, Pulau Pinang		Approx. 43,124 sq. ft.	05.12.2024		
GM452, Lot 886, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant land for future development	Approx. 108,333 sq. ft.	22.12.2022	Freehold	16,525
GM352, Lot 42, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang		Approx. 131,507 sq. ft.	22.12.2022		
HS (D) No. 63503, Lot 10418, Mukim 7, Daerah Seberang Perai Tengah, Pulau Pinang		Approx. 13,315 sq. ft.	18.01.2022		
HS (D) No. 63501, Lot 50806, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang		Approx. 56,306 sq. ft.	18.01.2022		
Panjakan Negeri 373107, Lot 50788, Mukim Lumut, Daerah Manjung, Perak	Vacant land for future development	Approx. 849,509 sq. ft.	28.06.2024	Leasehold for 99 years expiring on 07.02.2112	9,661

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty First (31st) Annual General Meeting ("AGM") of Kobay Technology Bhd. will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 George Town, Penang on Friday, 5 December 2025 at 2.30 p.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2025 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees and/or benefits payable to Non-executive Director up to an amount of RM150,000.00 for the period after the date of the AGM to the next AGM until the next AGM of the Company. Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 101 of the Company's Constitution and being eligible, have offered themselves for re-election :-
 - i) Ms. Lim Siew Wee Resolution 2
 - ii) Ms. Koay Pei Feng Resolution 3
4. To re-elect the following Director in accordance with Article 100 of the Company's Constitution and being eligible, have offered herself for re-election :-
 - i) Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil Resolution 4
5. To authorise the Board of Directors to appoint a new Auditors in replace of Messrs. Crowe Malaysia PLT who has expressed their intention to retire. Resolution 5

SPECIAL BUSINESSES

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions and Special Resolution:

ORDINARY RESOLUTION

6. **AUTHORITY TO ISSUE SHARES IN ACCORDANCE TO SECTION 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS** Resolution 6

"THAT subject always to the Companies Act, 2016 ("the Act") and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit PROVIDED THAT the aggregate number of shares to be issued (inclusive any rights granted, conversion of any securities, allotment under an agreement or option or offer, if any) pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 9 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company AND FURTHER THAT the Directors and/or the Company Secretaries be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company "

... Notice of Annual General Meeting

7. ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Resolution 7

"THAT subject to the compliance by the Company with all applicable laws, regulations and guidelines pursuant to the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorized to purchase and/or hold such amount of ordinary shares in the Company ("shares") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT the maximum number of aggregate shares purchased or treasury shares held pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at any given point in time and that the maximum amount of fund allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits account of the Company.

THAT authority be and is hereby given to the Directors to treat the shares so purchased by the Company pursuant to this Proposed Share Buy-back in accordance with the provision of the Act, which allows a Company that has purchased its own shares to either retain part of or entire shares as treasury shares or cancel part of or entire shares, or a combination of both. The shares so retained as treasury shares by the Company may, either be distributed as share dividends to shareholders or resell on Bursa Securities or in any manner pursuant to the Act, Bursa Securities Listing Requirements or any other relevant authority for the time being in force.

THAT such authority from the shareholders would be effective immediately upon passing of this resolution and would continue to be in force until:-

- a. the conclusion of the next AGM of the Company following the AGM at which such resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act, 2016); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first.

AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary or expedient to implement or to give effect of the Proposed Share Buy-back Authority with full powers to assent to any conditions, modifications, re-valuations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time."

... Notice of Annual General Meeting

8. ORDINARY RESOLUTION

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Resolution 8

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a mandate of the shareholders be and is hereby granted to allow recurrent related party transactions of a revenue or trading nature ("RRPTs"), which are necessary for the day-to-day operations of the Company and/or its subsidiary companies ("Kobay Group"), to be entered into by the Kobay Group in the ordinary course of business, PROVIDED THAT such transactions are entered into at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, the particulars of such transactions are set out in Part B Section 2.4 of the Circular to Shareholders of Kobay dated 31 October 2025 ("Proposed Shareholders' Mandate");

THAT disclosure of the breakdown of the aggregate value of transactions conducted will be based on the type of RRPTs made, names of the related parties involved in each type of the RRPTs made and their relationship with the Company, in the annual report of the Company during the current financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force;

THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to sections 340(1) & 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act, 2016); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to give effect to the Proposed Shareholders' Mandate with full powers to deal with all matters relating thereto and to complete and do all acts and things (including executing such documents as may be required) in connection with the Proposed Shareholders' Mandate."

9. SPECIAL RESOLUTION

PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY ("PROPOSED AMENDMENT")

Resolution 9

"THAT approval be and is hereby given to amend and modify the existing Constitution in the form and manner as set out in Appendix III of the Circular to Shareholders dated 31 October 2025.

AND THAT the Directors and Secretary of the Company be and are hereby authorised to do all such acts, deeds and things to execute, sign and deliver all documents for and on behalf of the Company as they may consider necessary or expedient to give effect to and implement the Proposed Amendment with full power to assent to any conditions, modifications, variations and alterations as may be imposed or permitted by the relevant authorities."

10. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

WONG MEE CHOON (MACS 01562)
 CHAN MUN SHEE (MAICSA 7003071)
 Company Secretaries
 Penang, 31 October 2025

... Notice of Annual General Meeting

NOTES :

1. A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
2. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
4. The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time set for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
5. If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 November 2025.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

EXPLANATORY NOTES :

Agenda 1-Audited Financial Statements for the financial year ended 30 June 2025

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("**the Act**") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Resolution 1-Payment of Directors' fees and/or any benefits payable to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the Directors' fees and/or any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board wishes to seek shareholders' approval at the 31st AGM of the Company on the payment of Directors' fees and/or benefits payable to Non-executive Director up to an amount of RM150,000.00 for the period after the date of AGM to the next AGM of the Company to be paid out quarterly to eligible Non-executive Directors for meetings to be held during the period herein before mentioned based on the Board size and on the assumption that all Directors will hold their office until the date of next AGM.

In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

Resolution 2, 3 & 4 - Re-election of Directors

The proposed Ordinary Resolutions 2, 3 & 4, if passed, will allow the named Directors to be re-elected as the Directors of the Company.

The following Directors are standing for re-election as Directors of the Company pursuant to the Article 100 & 101 of the Company's Constitution at the 31st AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

- (a) Ms. Lim Siew Wee (Article 100);
 - (b) Ms. Koay Pei Feng (Article 100); and
 - (c) Puan Sharifah Faridah Binti Dato' Syed Mahadzar Jamalullil (Article 101).
- (collectively referred to as "**Retiring Directors**")

The Board of Directors through the Nomination Committee ("**NC**") has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the Retiring Directors) collectively agreed that the Retiring Directors have met the criteria of Fit and Proper Policy of the Company in terms of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

The profiles of the Directors standing for re-election are set out in the Directors' Profiles section under page 16, 18 & 19 of the Annual Report 2025.

... Notice of Annual General Meeting

EXPLANATORY NOTES (CONT'D) :

Resolution 5-Re-appointment of External Auditors

The External Auditors, Messrs. Crowe Malaysia PLT had expressed their intention to retire and not seek for re-appointment as External Auditors of the Company subsequent to the conclusion of this AGM. There were no disagreements with the outgoing External Auditors on accounting treatments within the last 12 months. The Company has commenced efforts to identify suitable candidate and will seek to appoint new auditors in place of Messrs. Crowe Malaysia PLT as soon as practicable. Upon which, the Board will then appoint new Auditors in compliance with Section 264(5) of the Act. The Company will make further announcement in due course.

Resolution 6-Authority to Issue Shares in accordance to Section 75 and 76 of the Act and Waiver of Pre-Emptive Rights

The proposed Ordinary Resolution 6, if passed, is the renewal of general mandate to empower the Directors to issue and allot new shares up to an amount not exceeding 10% of the issued share capital of the Company (excluding treasury shares) at any given point in time for such purposes as the Directors consider would be in the best interest of the Company ("**General Mandate**"). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising exercises including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and such other application as the Directors may deem fit and in the best interest of the Company.

Pursuant to Section 85(1) of the Act, read together with Article 9 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

Section 85(1) of the Act states:

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

Article 9 of the Company's Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in meeting of members, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meeting of members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of the time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 6, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the general mandate.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the Thirtieth (30th) Annual General Meeting held on 29 November 2024 and which the said General Mandate will lapse at the conclusion of the Thirty First (31st) Annual General Meeting.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 9 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 9 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act which will result in a dilution to their shareholding percentage in the Company.

... Notice of Annual General Meeting

EXPLANATORY NOTES (CONT'D) :

Resolution 7-Proposed Renewal of Share Buy Back Authority

The proposed Ordinary Resolution under item 7 is of renewal and if passed, will allow the Company to purchase up to ten per cent (10%) of the issued share capital of the Company, excluding treasury shares retained by the Company at any given point in time. This authority unless revoked or varied at the general meeting, will expire at the next AGM. The details of this proposal are set out in the Share Buy-Back Statement to Shareholders dated 31 October 2025 which is available at the Company's website at www.kobaytech.com.

Resolution 8-Proposed Shareholders Mandate for Recurrent Related Parties Transactions

Pursuant to Paragraph 10.09(1) of the Bursa Malaysia Securities Berhad's Listing Requirements, the listed issuer shall seek for shareholders' mandate to enter into recurrent related parties' transactions (RRPTs) of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations. The Group wish to renew its current RRPTs mandate for which the details are set out in 2.4 of Part B of the Circular to Shareholders (herein collectively referred to as "Proposed Shareholders' Mandate") which is available at the Company's website at www.kobaytech.com.

The proposed Ordinary Resolution under item 8, if passed, will allow the Group to enter into recurrent related parties' transactions of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations and unless this authority be revoked or varied at the general meeting else the said approval will be lapsed at the next AGM.

Resolution 9-Proposed Amendment to the Constitution of the Company

The proposed Special Resolution under item 9, if passed, will enhance administrative efficiency, strengthen corporate governance frameworks, and provide greater clarity in the interpretation and application of constitutional provisions. It also reflects the need to align with recent legal and regulatory developments, incorporate current best practices, and modernize the Company's governing documents accordingly.

The Proposed Amendment is set out in Part C of the Circular to Shareholders dated 31 October 2025 which is available at the Company's website at www.kobaytech.com.

STATEMENT ACCOMPANYING NOTICE TO AGM

The profile of the Directors who are standing for re-election (as per Resolution 2, 3 & 4 as stated in the Notice of Annual General Meeting) at the Thirty First (31st) Annual General Meeting of Kobay Technology Bhd. which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 5 December 2025 at 2.30 p.m., are stated on page 16, 18 & 19 of the Annual Report 2025.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 31st AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty

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Form of Proxy

No. of shares held	
CDS account no.	

I/ We _____ Tel: _____
(FULL NAME IN BLOCK CAPITAL, NRIC/PASSPORT/COMPANY NO.)

of _____
(FULL ADDRESS AND E-MAIL ADDRESS)

being *a member/ members of **Kobay Technology Bhd (199401022600 (308279-A))** hereby appoint :

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and e-mail address			

or failing *him/ her the Chairperson of the Meeting as *my/ our proxy/ proxies to attend, participate, speak and vote for *me/ us on *my/ our behalf at the 31st Annual General Meeting of Kobay Technology Bhd ("Company") which will be held at 4th Floor, Wisma Kobay, No. 42-B, Jalan Rangoon, 10400 Georgetown, Penang on Friday, 5 December 2025 at 2.30p.m.

My/our proxy/proxies to vote for on a poll as indicated below :

RESOLUTIONS NO.	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

* *Strike out whichever is not desired*

Signature of Member(s)/Common Seal

Date:

Notes:

- A member entitled to attend, participate, speak and vote at the AGM of the Company shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote for him. A proxy may but need not be a member of the Company.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy in the Form of Proxy.
- The duly completed Form of Proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the AGM of the Company PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
- If the appointor is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 27 November 2025 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the AGM of the Company or appoint proxy(ies) to attend, participate, speak and vote on his behalf.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.



Please fold across the line and close

Affix
Stamp

The Company Secretaries
KOBAY TECHNOLOGY BHD.
(Registration No. 199401022600 (308279-A))

3rd Floor, Wisma Kobay,
No. 42-B, Jalan Rangoon,
10400 Georgetown,
Penang.

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Kobay Technology Bhd.

Company No : 199401022600 (308279-A)

Wisma Kobay, No. 42-B, Jalan Rangoon,
10400 Georgetown, Penang, Malaysia.

Tel: 604-371 1338

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