

Integrated Annual
Report 2025

DRIVING GROWTH, DELIVERING PROGRESS



Cover Rationale



DRIVING GROWTH, DELIVERING PROGRESS

Our journey of growth continues into 2025, building on the foundations we have established. From seedling to maturity, each stage reflects steady advancement shaped by resilience, discipline, and experience. Water flows through these stages, connecting them in continuous motion and symbolising momentum and continuity, while echoing the forward direction of the wave of MHB.

This year, we build on the momentum established in the previous year, advancing with greater clarity and intent as we continue to drive growth and deliver progress. Growth is actively pursued through strengthened foundations, refined capabilities, and strategic business initiatives, while progress is realised steadily, reflecting outcomes that are meaningful and sustainable. We focus on reinforcing what anchors us, reassessing what sustains us, and ensuring every new branch is supported by deeper and steadier roots.

At MHB, each project is undertaken with full commitment, delivering strong stakeholder value through disciplined execution and operational excellence. As our tree deepens its roots and extends its reach, it reflects an organisation that understands growth and progress are interconnected, built on experience, guided by purpose, and driven to shape the next phase of our journey towards a sustainable and thriving future.

As the marine and heavy engineering arm of the MISC Group, MHB continues to play a critical role in supporting today's energy needs while advancing solutions for a more sustainable future, delivering each milestones with responsibility and long-term value creation.

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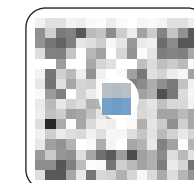
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Proxy Form



Please scan this QR code to visit our website for more information.

About This Report

Integrated Annual Report (IAR) 2025

Malaysia Marine and Heavy Engineering Holdings Berhad's (MHB) Integrated Annual Report 2025 is intended to support informed assessment of the Group's performance, position and prospects. The report brings together financial results, sustainability considerations and governance practices to explain how the Group operates, how decisions are made and how value is managed over time. Information is presented to reflect both outcomes for the year and the broader context in which the Group conducts its business.

Reporting Scope and Boundaries

The report covers the financial year ended 31 December 2025. Where relevant, material developments occurring after year end and prior to publication are included to provide continuity and context. References to the Group relate to the holding company, while Malaysia Marine and Heavy Engineering Sdn Bhd refers to the principal operating subsidiary based in Pasir Gudang, Johor. The reporting boundary reflects operations and activities that are material to the Group's performance and oversight.

Materiality

Material matters identified in this report represent issues that influence the Group's ability to execute its strategy and manage risks while meeting stakeholder expectations. These matters are considered in the context of financial performance, operational resilience and longer-term sustainability. The materiality assessment also informs prioritisation across strategy, resource allocation and disclosures within this report.

Our Integrated Thinking

The Group applies integrated thinking to connect strategy, performance and sustainability considerations. Financial and non-financial capitals are considered collectively in decision making, with attention given to how operational activities, stakeholder relationships, risks and opportunities interact across the value chain. This approach supports consistency between strategic intent, execution and reported outcomes.

Sustainability Risks and Governance

Sustainability-related risks and opportunities are incorporated into governance and management processes across the Group. These considerations are factored into planning, monitoring and performance evaluation, with oversight exercised through established governance structures. Disclosures throughout the report provide visibility on how sustainability considerations are addressed within the Group's operations and risk management framework.

Sustainability Statement 2025

The Sustainability Statement 2025 sets out information on the Group's sustainability-related practices, progress and performance. The Statement aligns disclosures with recognised global standards, including the Global Reporting Initiative Standards, and references relevant sustainability indices such as FTSE4Good. Stakeholder priorities are reflected to provide transparency on how sustainability considerations are integrated into the Group's activities.

Restatement of Reported Data in the Sustainability Statement

Restatements have been made to revised sustainability data for the financial year 2024, including Scope 2 greenhouse gas emissions, energy consumption within the organisation and industrial wastewater discharge, to improve accuracy and consistency. For further details, please refer to the ESG Performance Data section.

Reporting Frameworks

The preparation of this report is guided by applicable regulatory requirements and recognised reporting frameworks, including:

- International Integrated Reporting Framework issued by the IFRS Foundation
- Bursa Malaysia Main Market Listing Requirements
- Companies Act 2016
- Malaysian Code on Corporate Governance 2021
- Corporate Governance Guide issued by Bursa Malaysia
- Bursa Malaysia Sustainability Reporting Guide
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Global Reporting Initiative Standards
- United Nations Sustainable Development Goals
- FTSE4Good Bursa Malaysia Index

Assurance

Financial information disclosed in this report is based on the consolidated audited financial statements for the year ended 31 December 2025, audited by Ernst & Young PLT. Internal controls and review processes were applied during report preparation to support data integrity.

In strengthening the credibility of the Sustainability Statement, selected sustainability indicators have been subjected to an internal review by the Company's Internal Audit function and have been approved by the Board Audit Committee. For further details, please refer to the Statement of Assurance section.

Exclusions

Certain information has been excluded from this report where disclosure could affect competitive position, where contractual restrictions apply, or where the information is not sufficiently verifiable. These exclusions are applied in line with the Group's disclosure framework.

Forward-Looking Statements

This report contains forward looking statements based on current expectations and assumptions regarding future performance. These statements involve inherent uncertainty and are subject to changes in market conditions and operational factors. Actual results may differ from those expressed.

Statement of the Board of Directors

The Board of Directors is responsible for the overall integrity of the Integrated Annual Report 2025 and confirms that, in its opinion, the report presents a fair and balanced view of the Group's performance and disclosures for the year under review.

Mohammad Suhaimi Mohd Yasin

Chairman

Navigation Icons

6 CAPITALS

- Human Capital
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Social Capital
- Natural Capital

STAKEHOLDERS

- Government and Regulators
- Suppliers / Vendors
- Business Partners
- Local Institutions
- Customers
- Employees
- Board of Directors
- Shareholders / Investors / Financial Providers
- Communities

STRATEGIC FOCUS AREA

- Project Delivery Excellence
- High Quality Order Book
- Balanced Portfolio

MATERIAL MATTERS

Financial Growth

- Project & Financial Performance
- Business Sustainability

Environmental Stewardship

- Climate Change
- Natural Resources & Consumption

Social Responsibility

- Health & Safety
- Strategic Community Initiatives
- Diversity & Inclusion
- Human & Labour Rights
- Human Capital

Strong Governance

- Supply Chain
- Risk Management
- Asset Integrity & Reliability
- Governance & Ethics
- Digitalisation & Cybersecurity

Stakeholder Engagement

- Customer Satisfaction

Who We Are & What We Do

Vision

To consistently provide better marine and heavy engineering related solutions

Mission

- To exceed the expectation of our customers
- To promote individual and team excellence of our employees
- To create a positive difference to the lives of communities
- To care for the environment and operate responsibly
- To drive sustainable value for shareholders

Our Shared Values



Loyalty

Loyal to corporation



Professionalism

Strive for excellence



Integrity

Honest and upright



Cohesiveness

United, trust and respect each other

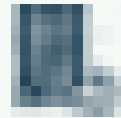
MHB at a Glance

Established on a foundation of engineering discipline and operational scale, MHB has grown into one of the region's leading providers of energy and marine solutions. Its operations are centred on Malaysia's largest fabrication yard, among the largest in Southeast Asia, enabling the Group to undertake complex, large-scale projects for a global portfolio of energy clients with consistency and technical rigour.

The Group delivers integrated solutions across offshore and onshore facilities as well as marine vessels, underpinned by deep expertise in offshore construction, including deepwater developments. These capabilities are complemented by a comprehensive suite of marine repair, conversion and refurbishment services, with a specialised focus on LNG carrier repairs, where exacting standards and operational reliability are critical.

Building on this established platform, MHB is positioning its capabilities to support the evolving global energy landscape. The Group is actively engaged in new and renewable energy and decarbonisation related works, including the fabrication and construction of carbon capture facilities, offshore wind farm substations and green hydrogen infrastructure. By applying its proven engineering capabilities to emerging energy solutions, MHB supports its clients' transition objectives while reinforcing its role as a long-term, trusted partner in the energy and marine sectors.

Who We Are & What We Do



Incorporated in **1973** and listed on the Main Market of Bursa Malaysia Securities Berhad in 2010



A constituent of FTSE4Good Bursa Malaysia Index since **2015**



Our Centre of Excellence (CoE), established in 2015 as a dedicated learning centre for the oil & gas and marine industries, has trained over **144,000** personnel as of end 2025



More than **68 million** man-hours recorded annually for the past three years

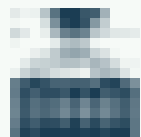


Fabrication tonnage capacity of **129,700 MT**

Own one of the largest Goliath cranes in Southeast Asia

Own one of the largest dry docks in Southeast Asia

Own one of the largest syncrolifts in the world



Our Globally-Recognised Certifications

ISO 45001:2018 Certified
Occupational Health and Safety Management Systems

ISO 14001:2015 Certified
Environmental Management Systems

ISO 37001:2016 Certified
Anti-Bribery Management Systems

ISO 9001:2015 Certified
Quality Management Systems

ISO 3834-2:2021 Certified
Quality Requirements for Fusion Welding of Metallic Materials

ISO 29001:2020 Certified
Quality Management System for Petroleum, Petrochemical and Natural Gas Industries

IECEX Certified
Repair and Overhaul Services of Ex d, Ex e and Ex n of Certified Rotating Machines and Enclosures

American Society of Mechanical Engineers (ASME) U & R Stamp
Authorisation for the Manufacture and Repair of Pressure Vessels

EN 1090-1:2009 + A1:2011 Certified
Execution of Steel and Aluminium Structures

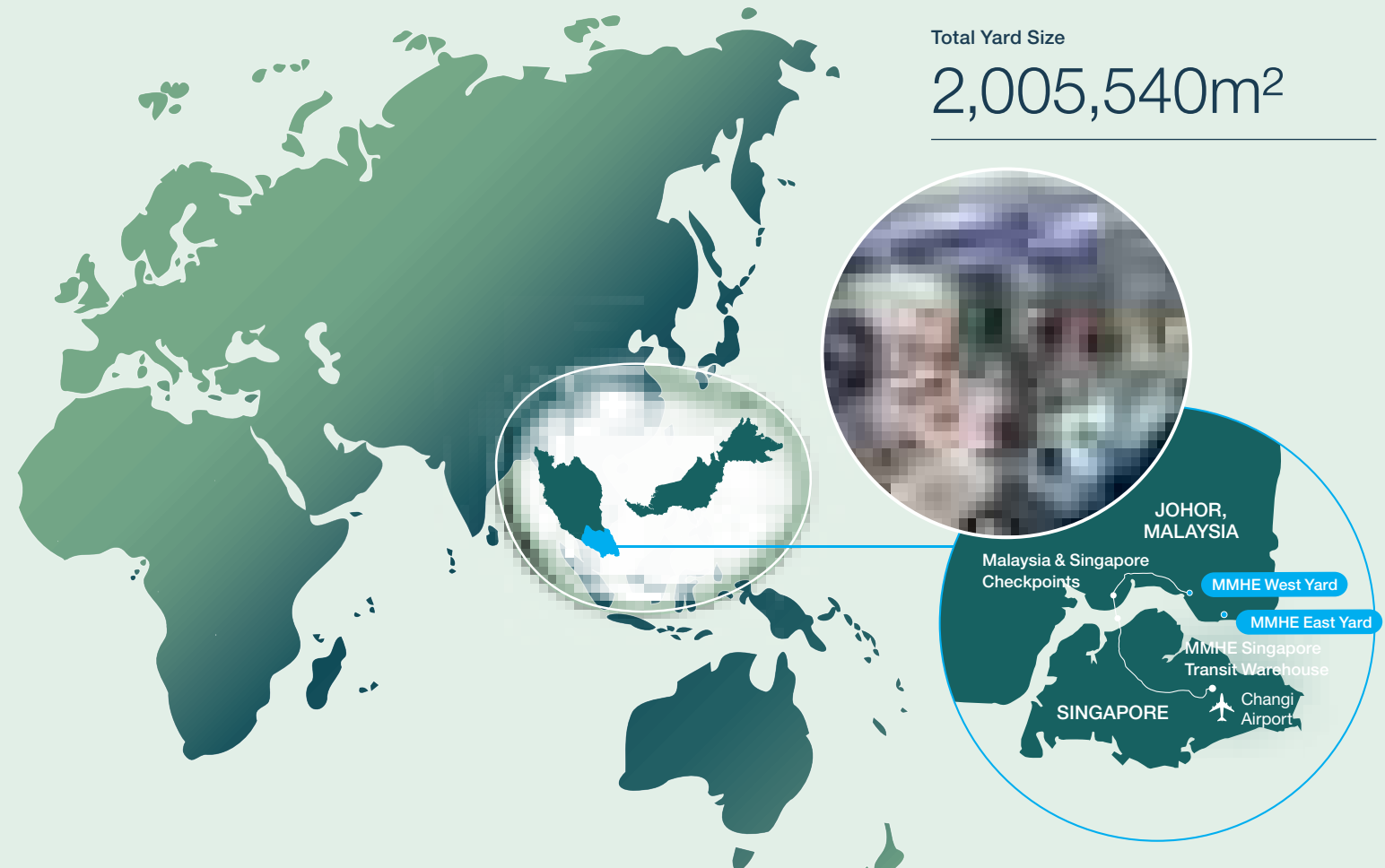
Our Strategic Location

Own and operate Malaysia's Largest Operating Yards, equipped with world-class facilities:

MMHE West Yard
1,537,090m²

MMHE East Yard
468,450m²

Total Yard Size
2,005,540m²



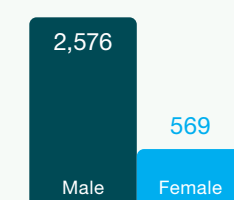
Our People

Number of Employees

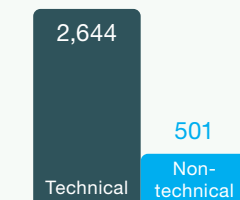
3,145

(as of 31 December 2025)

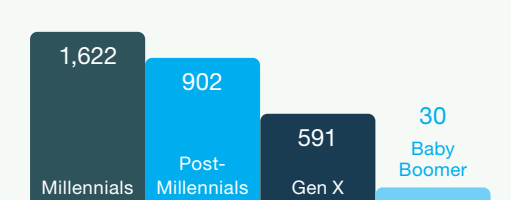
Employee Composition



Technical / Non-technical



Age Diversity



Manpower generation data is based on the new definition i.e. Baby Boomers (1965 and before), Gen X (1966-1979), Millennials (1980-1994) and Post-Millennials (1995 and after).

Who We Are & What We Do

OUR SOLUTIONS

OIL & GAS



End-to-end solutions for offshore, onshore and floating oil & gas facilities

Offshore

EPC, EPCC & EPCIC of offshore facilities:

- Deepwater facilities
- FPSO Modules
- Fixed platforms
- Turrets

Onshore

Fabrication solutions of onshore modules and facilities:

- Pre-Assembled Units (PAU) modules
- Pre-Assembled Rack (PAR) modules

NEW ENERGY



Offshore and onshore solutions for carbon capture and storage, offshore wind, and hydrogen and ammonia facilities

Offshore Windfarm

- Fixed platforms including HVDC and HVAC offshore substations
- Wind turbine foundations

Carbon Capture

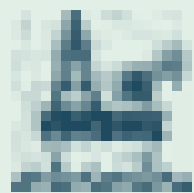
EPCIC of offshore and onshore carbon capture and storage (CCS) facilities

Hydrogen

EPC of hydrogen and ammonia facilities

OVER **50** YEARS

of delivering integrated and complex solutions for energy and marine industries



Proven expertise in full range EPCIC services with the delivery of over

200 OFFSHORE FACILITIES

Track Record

67 Wellhead Platforms (WHP)

1 Tension Leg Platform (TLP)

16 Floater conversion projects

24 Turrets

17 Central Processing Platforms (CPP)

75 Jackets

1 Semi-submersible

1 Spar

Who We Are & What We Do

OUR SOLUTIONS

MARINE REPAIR & UPGRADES



One-stop centre for repair and upgrades of vessels and offshore facilities

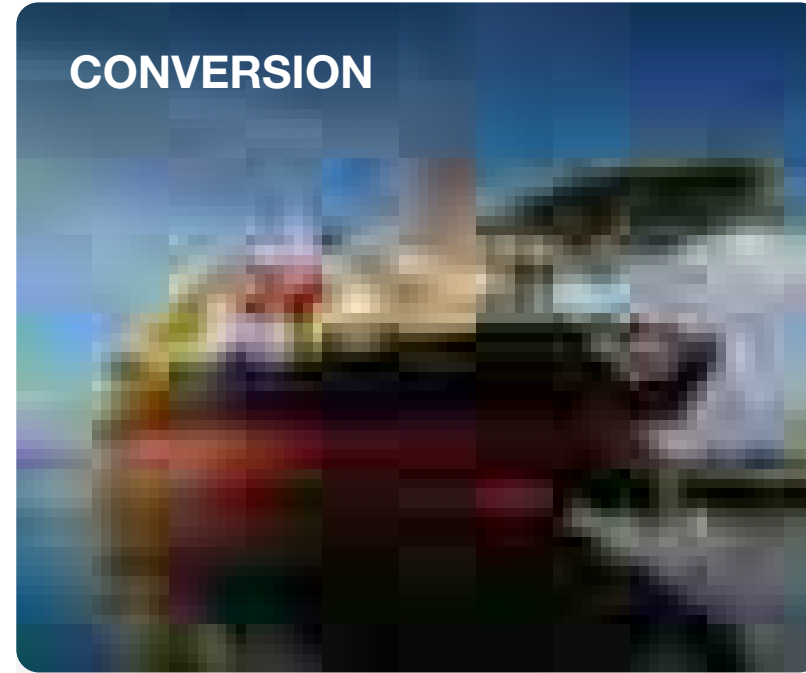
Dry docking, repair, refurbishment, retrofitting, life extension & upgrading of offshore and marine vessels

- Gas carriers (LNG and LPG)
- Floating production vessels (FPSO, FSO, FSRU, FSU)
- MODU (Jack-ups and semi-submersibles)
- Product tankers (chemical, crude oil, petroleum) and Very Large Crude Carriers (VLCCs)
- Offshore supply vessels
- Dredgers, car carriers, navy vessels
- Jumboisation and dejumboisation

Maritime Decarbonisation Retrofits

Various solutions on Energy Saving Technologies (EST) retrofitting & installation to decarbonise vessel operations

CONVERSION

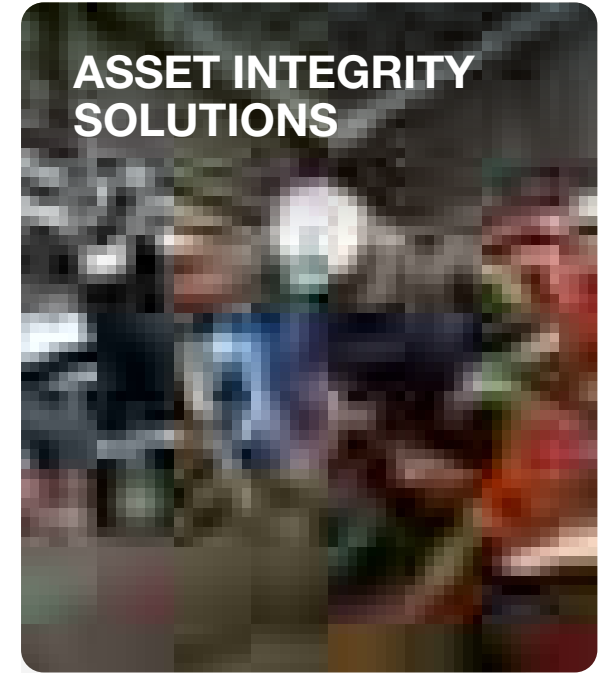


Integrated floater conversion solutions in one location

Floaters

- FPSO
- FSO
- FSU
- MOPU
- FPU
- FDPSO

ASSET INTEGRITY SOLUTIONS



Complete onshore and light engineering services

Onshore Maintenance

- Integrated maintenance and turnaround support
- Planning, coordination, and execution of maintenance activities
- Enhancing asset reliability, safety, and operational performance

Light Engineering

- Precision machining and engineering services
- Fabrication of small to medium-scale components
- Responsive support for operational and maintenance needs

Onshore Fabrication

- Structural and modular fabrication works
- Support for brownfield and greenfield requirements
- Certified processes ensuring quality and compliance

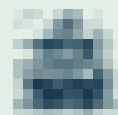
Integrated Solutions Delivery

- End-to-end execution from planning to delivery
- Multi-disciplinary coordination across functions
- Scalable solutions tailored to client requirements

Complete offshore conversion facilities with a track record of more than **30 CONVERSION PROJECTS**

Trusted globally for marine repair and upgrades, with a proven track record of over

4,000 VESSELS SERVICED

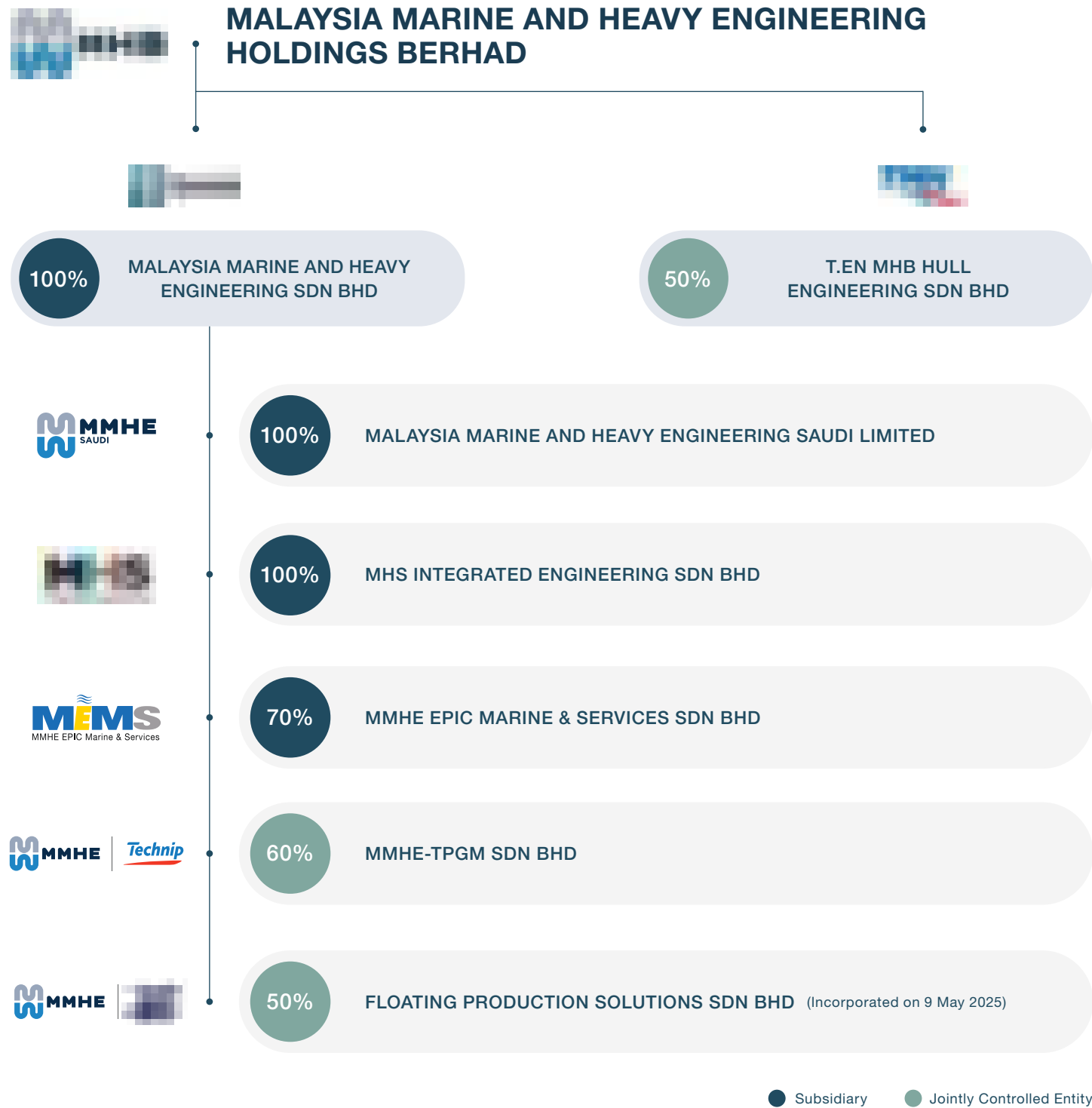


Dry Dock No. 1
• Capacity:
450,000 dwt

Dry Dock No. 2
• Capacity:
140,000 dwt

Dry Dock No. 3
• Capacity:
400,000 dwt

Corporate Structure



- Notes:
1. MMHE-ATB Sdn Bhd (dissolved on 5 March 2025)
 2. Techno Indah Sdn Bhd (dissolved on 8 April 2025)
 3. MMHE International Sdn Bhd (dissolved on 5 May 2025)
 4. MMHE LNG Sdn Bhd (dissolved on 29 May 2025)

Corporate Information

BOARD OF DIRECTORS

Chairman, Independent Non-Executive Director	Mohammad Suhaimi Mohd Yasin
Independent Non-Executive Director	Mariah Mohamad Said Azhar Noordin Mohammad Salmi Abdullah Puspa Hanita Abd Aziz
Non-Independent Non-Executive Director	Shamsul Bahar Ahamad Zainal Badri Zahid Osman Raja Azlan Shah Raja Azwa
Managing Director & Chief Executive Officer Non-Independent Executive Director	Mohd Nazir Mohd Nor

BOARD AUDIT COMMITTEE

- Mariah Mohamad Said (Chairperson)
- Mohammad Salmi Abdullah
- Shamsul Bahar Ahamad Zainal Badri

BOARD NOMINATION & REMUNERATION COMMITTEE

- Puspa Hanita Abd Aziz (Chairperson)
- Mariah Mohamad Said
- Azhar Noordin
- Raja Azlan Shah Raja Azwa

BOARD SUSTAINABILITY & RISK COMMITTEE

- Mohammad Salmi Abdullah (Chairman)
- Azhar Noordin
- Raja Azlan Shah Raja Azwa

COMPANY SECRETARIES

Shahrin Albakri Mustafa Albakri MACS
(M01832)
Suruhanjaya Syarikat Malaysia
Practicing Certificate (202108000633)

Haniza Sabaran FCIS (CS) (CGP)
(MAICSA 7032233)
Suruhanjaya Syarikat Malaysia
Practicing Certificate (201908001761)

Registered Office

Level 31, Menara Dayabumi,
Jalan Sultan Hishamuddin,
50050 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

Telephone : +603 2273 0266
Email : enquiries@mmhe.com.my
Website : www.mhb.com.my

Auditors

Ernst & Young PLT
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia

Telephone: +603 7495 8000

Share Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony No. 5,
Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan
Malaysia

Telephone: +603 7890 4700
Facsimile: +603 7890 4670

Place of Incorporation and Domicile

Malaysia

Form of Legal Entity

Incorporated on 18 February 1989 as a private company limited by shares and converted into a public company limited by shares on 14 June 2010

Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad since 29 October 2010

Stock Code : 5186
Stock Name : MHB

Key Highlights for 2025

Our Business and Operation Achievements

HEAVY ENGINEERING



3 Offshore Platforms Sailed Away

3 Offshore Platforms Awarded

1 Offshore Project Achieved First Gas

3 Projects Progressing On Schedule

Completed Detailed Feasibility Study (DFS) for Low-Carbon Fuel Production Facility in Malaysia

MARINE

87 VESSELS successfully serviced

- Record-breaking delivery of 26 LNG carriers
- 20 vessels delivered ahead of schedule
- 100% on-time project completion, with 18 projects achieving a "Perfect 10" in the 2025 Customer Satisfaction Index



Improved position in Clarksons Research rankings in 2025

- Ranked **2nd** globally by yard for most LNGC repaired
- Ranked **3rd** globally by country for most LNGC repaired

Secured new **INTERNATIONAL MARKETS**
USA, Vietnam, United Kingdom, Norway




Our Financial Performance in 2025

REVENUE



RM **2.0** Billion

TOTAL ASSETS



RM **3.1** Billion


PROFIT AFTER TAX




RM **102.8** Million

AWARDS & ACCOLADES

Special Award for MISC Care and Comply HSSE Recognition Day 2025



Category: **ENVIRONMENTAL EXCELLENCE**



4-STAR RATING
FTSE4Good Bursa Malaysia Index

11th Shell Malaysia Safety Awards 2025 - **FINALIST** for Upstream Category



Malaysian Industrial Safety and Health Association

MiSHA PRIME AWARD PLATINUM (MPA1)

MiSHA MAIN AWARD GOLD (MMA1)



GOLD CLASS 1 AWARD

Petroleum, Gas, Petrochemical & Allied Sectors Category 2025



INTERNATIONAL SHIP AND PORT FACILITY SECURITY (ISPS) CODE STANDARDS

Best Table-top Exercise Simulation Award for 2025

PARTNERSHIPS



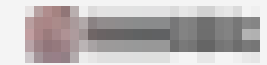
MOU with PETRONAS to drive yard transformation and productivity enhancement.



MoU with Blueocean Wind (BOW) for strategic collaboration and development in new energy projects.



JV with MISC Offshore to establish Floating Production Solutions Sdn Bhd (FPSSB) for floater conversions.



Framework Agreement with MODEC America, Inc. (formerly known as SOFEC, Inc.) for the potential construction, supply and delivery of offshore mooring systems.



JDA with FuelCell Energy for Detailed Feasibility Study Award for Low-Carbon Fuel Production Facility in Malaysia.



Framework Agreement with Mitsui & Co., Ltd. to strengthen presence in the Japanese marine market.

Key Highlights for 2025

OUR SUSTAINABILITY HIGHLIGHTS

As part of our long-term business sustainability agenda, we have reinforced our commitment through our Sustainability Framework. This year, sustainability has evolved into a key driver of value creation, shaping our focus across Finance, Environment, Social Impact and Governance. This approach enables us to deliver sustainable outcomes while creating long-term value across our operations.

ENVIRONMENT

Emissions Intensity Reduction



Hazardous Waste Recycled



Carbon Reduction From renewable sources



GOVERNANCE



Total Spending on Local Suppliers



SOCIAL

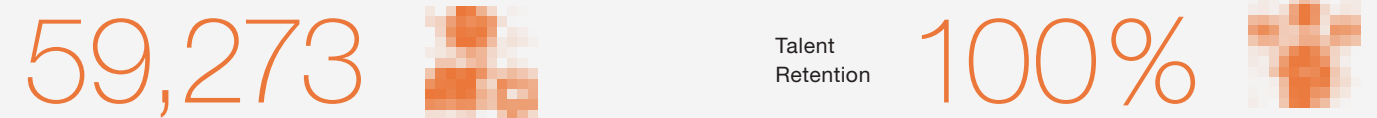
HEALTH & SAFETY

Safe Man-Hours



TALENT MANAGEMENT

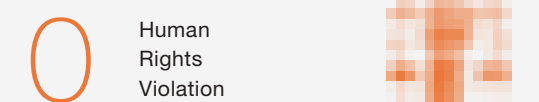
Total Training Hours



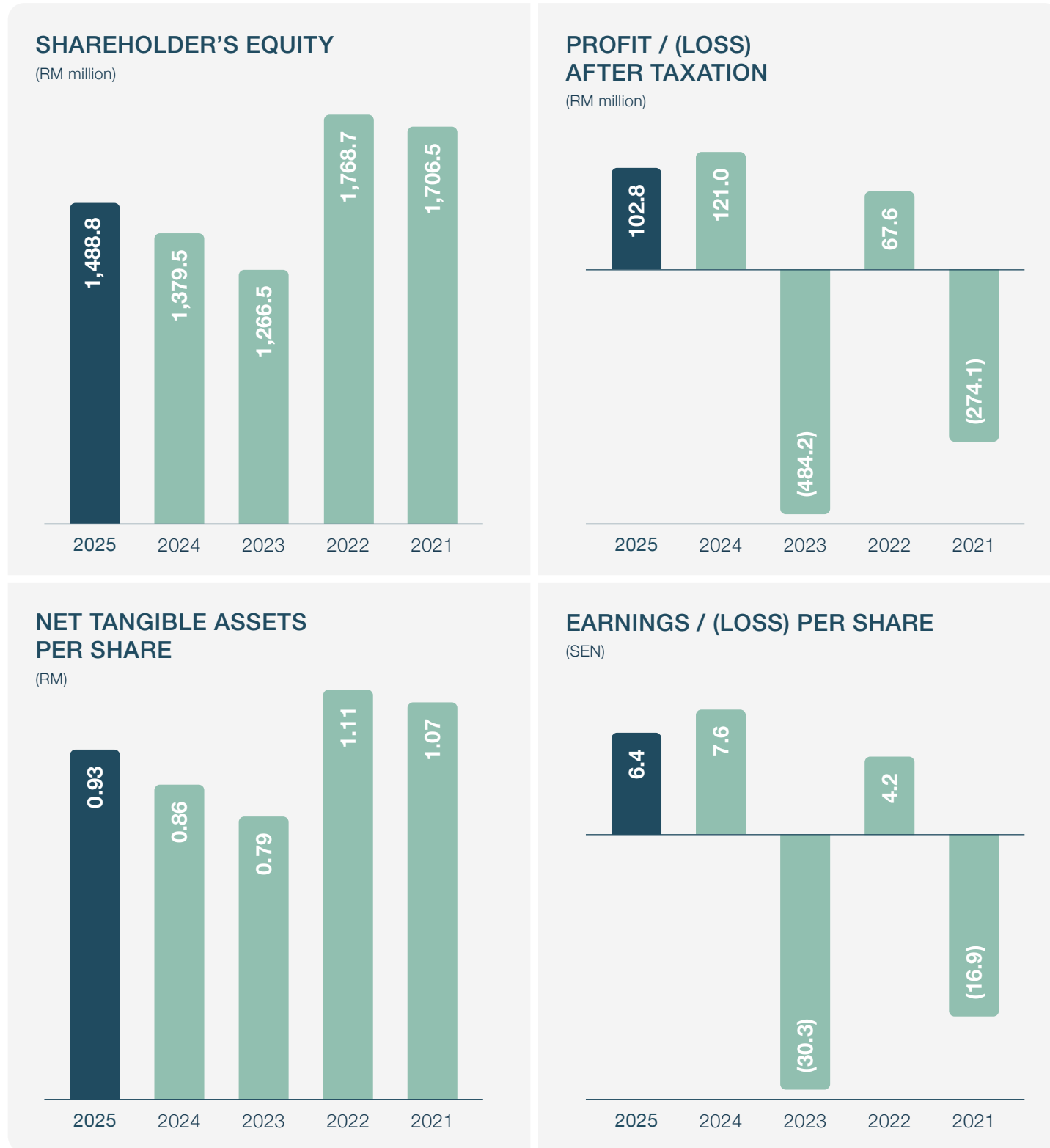
COMMUNITY INVESTMENT



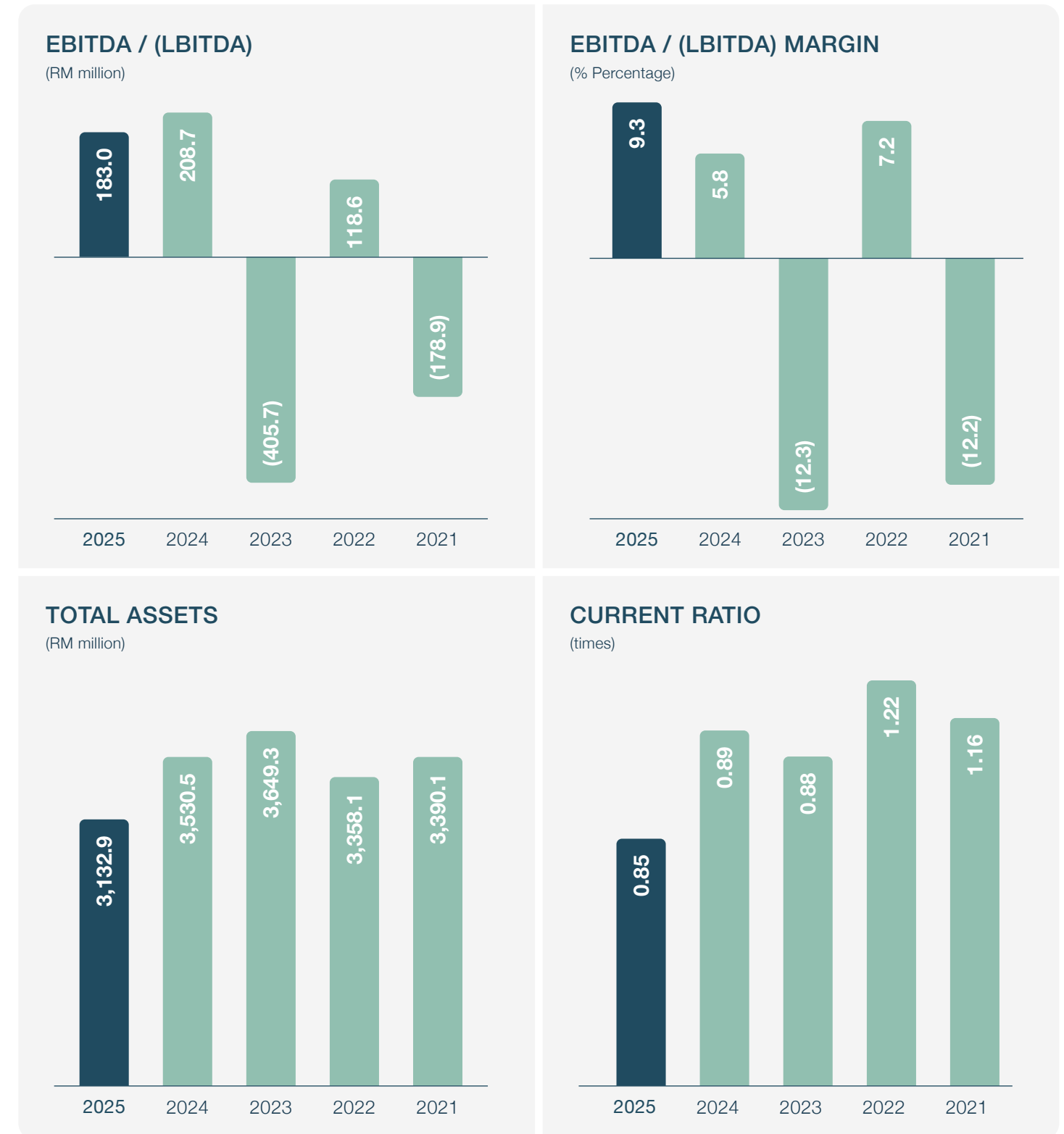
HUMAN RIGHTS



Five-Year Group Financial Performance



Five-Year Group Financial Performance



Our 2025 Journey & Key Milestones

January

24 MHB won Prime Award Platinum and Main Award Gold at the Malaysian Industrial Safety and Health Association (MiSHA) Awards 2024 for Kasawari CCS.



24 MHB, through MMHE Signed a Cooperation Agreement with Blueocean Wind (BOW) for Strategic Collaboration and Development in New Energy Projects.



March

6 MHB Collaborated with FuelCell Energy under a Joint Development Agreement (JDA) for Detailed Feasibility Study Award for Low-Carbon Fuel Production Facility in Malaysia.



19 MHB via MMHE, Entered into an Incorporated Joint Venture (IJV) with MISC OBU One (L) Pte Ltd (MOOPL) to Establish Floating Production Solutions Sdn Bhd.



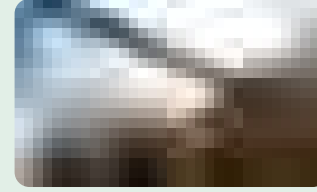
April

21 MHB Signed MoU with PETRONAS to Drive Yard Transformation and Productivity Enhancement.



17 MHB Held Its 36th Annual General Meeting at Kuala Lumpur Convention Centre, Attended by Over 600 Attendees - Comprising Shareholders, Proxies and Corporate Representatives.

24 MHB Achieved First Gas for Jengka-D (JKD) Wellhead Platform under JDA Field Development Project (Phase 6), for Client Carigali-PTTEPI Operating Company Sdn Bhd (CPOC).



24 MHB Secured EPCIC Contract from Vestigo Petroleum Sdn Bhd for the Fabrication of Three Wellhead Platforms - Irong Timur, Berantai East and Kurma Manis.

May

9 Visit by PETRONAS Board of Directors to MMHE West Yard.



15 MHB Welcomed Malaysian Refining Company Sdn Bhd (MRC SB) to MMHE West Yard.

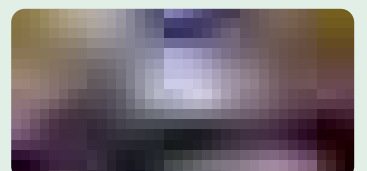


22 Visit by Deputy Minister of Higher Education Malaysia, Yang Berhormat Datuk Ts. Mustapha Sakmud to MMHE West Yard.



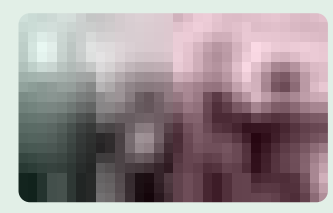
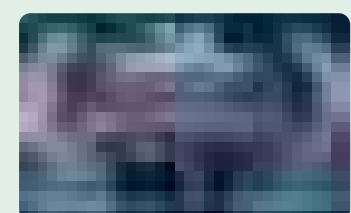
June

26 MHB and Mitsui & Co., Ltd. Inked Framework Agreement to Strengthen Presence in the Japanese Marine Market.



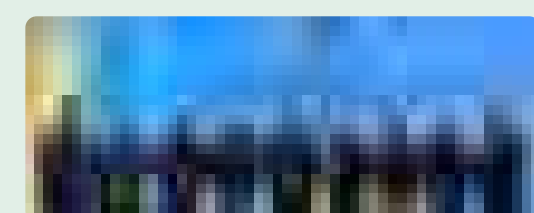
November

13 MHB won Gold Class 1 Award under Petroleum, Gas, Petrochemical & Allied Sectors Category at the 43rd Malaysian Society for Occupational Safety and Health (MSOSH).



September

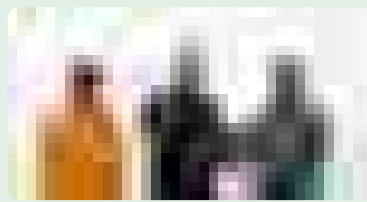
11 MHB Fire & Rescue Services Recognised by Johor Fire and Rescue Department for Support During Kota Puteri Fire Incident.



July

22-24 MHB Received Best Table-Top Exercise Simulation Award for the Second Consecutive Year in a Row (2024 and 2025) Among 20 Johor Marine Facilities, Organised by Johor Port Authority and Malaysia Marine Department.

14 Visit by the Director General of the Immigration Department of Malaysia, Yang Berbahagia Dato' Zakaria Shaaban, to MMHE West Yard.



18 MHB Entered into a Framework Agreement with MODEC America, Inc. (formerly known as SOFEC, Inc.) for the Potential Construction, Supply and Delivery of Offshore Mooring Systems.



Chairman's Message

Mohammad Suhaimi Mohd Yasin
Chairman



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Dear Stakeholders,

The year 2025 marked a progressive phase in MHB's transformation journey, as the Group continued to deliver consistent performance amid a volatile and evolving operating landscape. Despite ongoing challenges, the Group remained steadfast in strengthening its operational capabilities and enhancing competitiveness across all business segments. These efforts have reinforced MHB's operational and financial resilience, positioning the organisation to capture future growth opportunities while continuing to deliver sustainable, long-term value to its stakeholders.

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A Year in Perspective

The year unfolded against a backdrop of shifting trade dynamics, evolving geopolitics and changes in global energy policy. These developments are influencing investment decisions across marine, offshore and energy infrastructure markets.

Trade tensions prompted companies and governments to reassess industrial dependencies, with several countries increasing support for domestic shipbuilding and fabrication capacity. Industrial capability is increasingly viewed as a strategic priority as nations seek greater control over critical supply chains.

Energy policy developments also introduced uncertainty, as shifts in climate policy direction and delays in regulatory implementation tempered investment momentum in certain transition segments, including offshore wind and maritime clean fuel development.

Meanwhile, geopolitical tensions continue to shape global energy markets. Sanctions linked to the Russia-Ukraine conflict redirected LNG investment flows towards regions perceived as more stable, while oil prices moderated over the year amid continued market uncertainty.

These developments have tightened global yard capacity, extended project timelines and disrupted the energy supply chain. Within this environment, MHB continued to focus on operational excellence and disciplined execution to navigate these challenges.

Strategic Progress

Operational improvement formed a central part of MHB's journey in 2025. New approaches to project coordination, digital visibility and technology adoption were introduced across yard operations to support greater efficiency and productivity while enabling more predictable delivery performance. These improvements also encouraged a shift in mindset across the organisation. Teams were given opportunities to test new and improved working methods, collaborate more closely across functions and respond more effectively to operational challenges. Such changes have helped build confidence among employees while reinforcing the Group's ability to meet increasingly demanding client expectations.

One of the most promising opportunities lies within the LNG ecosystem. As global LNG demand continues to expand and the fleet grows, the need for specialised maintenance, retrofits and upgrades has increased. In response, MHB has enhanced its technical capabilities, operational efficiency and technologies to better support modern LNG carriers. Operational planning and scheduling were further refined to improve turnaround time and yard efficiency, while engagement with LNG vessel operators became more targeted to deepen relationships with clients operating across major shipping routes. The Group's international footprint continues to support this strategy. While Malaysia remains MHB's execution base, project engagements extend across Europe

and the Americas to complement the traditional market of Korea and Japan. Entry into Greece enhances the Group's presence among shipowners in Europe, while the re-award of drydocking contracts from Japan marks their return to MHB which represents another avenue for growth.

The FPSO segment is also entering a new phase as projects deferred in earlier years move closer to final investment decision. Industry yard capacity has tightened, and project lead times have lengthened. In response, MHB reinforced its hull conversion and topside module fabrication capabilities to position the business for upcoming activity. The establishment of Floating Production Solutions Sdn Bhd (FPS), a joint venture with MISC provides an integrated engineering, procurement and construction platform for floating production systems, enabling the Group to participate more competitively as demand for FPSO projects increases.

Expansion into energy transition infrastructure further complements the Group's capabilities. Fabrication work for offshore substations under the TenneT's 2GW Programme in the Netherlands and participation in carbon capture developments including Kasawari CCS demonstrate how MHB's fabrication expertise is ready and able to support emerging energy ecosystems. Prospective involvement in green hydrogen developments will further broaden this capability, enabling the Group to serve clients across both conventional and new energy sectors.

A key advantage lies in the Group's large-scale yard capacity, which provides much-needed infrastructure and flexibility to undertake complex offshore fabrication, conversion as well as marine repair and maintenance projects. This capability offers a reliable platform to seize project opportunities in Malaysia as supported by PETRONAS' activity outlook as well as overseas. Enterprise level collaboration with PETRONAS and MISC further enhances this position, enabling the Group to capture value across the broader energy ecosystem. Integration across project development, engineering capability and operational expertise allows MHB to support clients across multiple stages of the energy value chain.

The progress achieved reflects a deliberate effort to evolve operating models, enhance technical expertise and expand market reach. With improved productivity, stronger operational coordination and growing international engagement, MHB is better positioned to capture opportunities emerging across both conventional onshore and offshore activities and the evolving global energy landscape.

These efforts have also strengthened the Group's financial performance, enabling MHB to deliver another year of profitability in 2025 and demonstrating the impact of disciplined execution, cost management and a more resilient operating model.

Driving a Sustainable Future

MHB's sustainability framework is governed by a clear structure and robust Board oversight embedded across strategy, risk management and operations to position the Group for long-term relevance. Investment opportunities in low-carbon and emerging energy segments are evaluated within this framework to ensure growth and resilience advance in tandem.

During the year, MHB further strengthened the governance framework through the launch of an enhanced Human Rights Policy, guided by five core principles: respect for internationally recognised human rights, risk-based due diligence, access to effective grievance mechanisms and remedies, clear governance and accountability as well as transparent monitoring and reporting.

Respect for human and labour rights forms an important part of responsible business practices. In a labour-intensive industry with complex supply chains, fair treatment, safe working conditions and equal opportunity support workforce stability, regulatory compliance and project continuity. Expectations from clients, investors and ESG rating agencies continue to rise, with closer scrutiny of labour practices, grievance mechanisms and supply chain oversight.

Environmental priorities focus on reducing carbon emissions for which the Board has set clear objectives to reduce 20 percent greenhouse gas emissions by 2030 and achieve net zero emissions by 2050, with progress tracked through defined metrics that link ambition with measurable outcomes. Operational performance during the year reflects this discipline as carbon emissions intensity reduced by 11.3 percent compared with the 2016 baseline as at 31 December 2025.

From the Board's perspective, sustainability represents both responsibility and opportunity. The agenda calls for disciplined governance, clear accountability and continuous improvement in how the Group operates. The Board will continue strengthening capability, managing risk responsibly and pursuing opportunities that support long-term resilience while contributing positively to the communities and environments in which we operate.

Safeguarding the Health and Safety of Our People

Protecting the health and safety of our people remains a responsibility that the Board takes seriously. Operating in a high-risk and asset-intensive industry, robust safety practices are essential not only to safeguard employees, contractors, and surrounding communities, but also to reinforce trust with regulators and stakeholders. A strong focus on safety and well-being further contributes to higher workforce morale, sustained productivity, and improved talent retention.

The Board maintains oversight of safety performance through quarterly HSE scorecards that provide visibility on outcomes and leadership engagement. Leaders also spent time on the ground through site walkabouts and sessions with employees, reinforcing safe behaviours and strengthening awareness and personal responsibility for safety across operations.

These efforts are reflected in our safety performance. As of 31 December 2025, the Group recorded zero fatalities with 14.9 million safe man-hours without lost time injury. Generative safety behaviours are increasingly visible across worksites, encouraging individuals to identify risks early and take ownership of safe outcomes.

The Group's commitment to excellence and safe operations has also been acknowledged externally. In 2025, MHB received top honours of Platinum and Gold awards at the 2024 MiSHA Awards for the Kasawari CCS project and earned a Gold Class Award under the Petroleum, Gas,

Chairman's Message

Petrochemical & Allied Sectors Category at the 43rd MSOSH Award. These accolades reflect the organisation's disciplined and strong safety performance and reinforce its reputation as a trusted partner in the energy industry.

Capability development reinforces this culture. During the year, 133,731 hours of HSSE training were conducted for employees and contractors, covering areas such as chemical handling, working at heights and emergency preparedness. Engagement with contractors and regulators also supports higher safety standards across the value chain.

In parallel, quality remains a core operational priority alongside safety. Adherence to specifications, disciplined execution, and robust quality assurance and control processes underpin our project delivery.

Through these ongoing efforts, safety and quality were embedded into daily operations, supported by shared responsibility across employees, contractors and stakeholders to protect our people and sustain safe operations, while upholding our reputation for reliable, high-standard project execution.

Charting the Future Growth

MHB enters 2026 with a clearer view of the evolving industry landscape and the opportunities ahead. The near-term environment calls for recalibration. The extended International Maritime Organization timeline is likely to adjust the pace of retrofit programmes. Policy adjustments in the United States may moderate offshore wind activity in the immediate term, encouraging more selective project development and stronger commercial partnerships. While newbuild awards in 2026 may stay selective amid oil price volatility and tight yard capacity, conversion activity is expected to gather momentum across 2026 and 2027 as projects in Mexico, South America and Asia Pacific progress closer to final investment decisions.

In response to these developments, as MHB continues its transition journey, the Group's priorities will focus on securing a high-quality orderbook, building a balanced portfolio across conventional oil and gas and emerging segments, and strengthening its capability in project delivery.

Planned capital investment to modernise the yard will enhance offshore fabrication capacity and ship repair capabilities, to support evolving industry demand. Strategic focus also continues to draw from the Group's core strengths within the oil and gas sector, where global demand for gas and LNG infrastructure provides a stable base of activity. While certain new energy developments have progressed more gradually than expected, conventional offshore projects continue to present significant opportunities.

The marine segment presents additional growth potential as vessel owners diversify their supply chains and gradually shift towards Southeast Asia-based yards. This development provides MHB with the opportunity to broaden its position in marine repair and maintenance while supporting the expanding global fleet of LNG carriers.

In parallel, the anticipated FPSO project cycle offers further prospects as conversion work accelerates across offshore basins in Mexico, South America and Asia Pacific. Strategic direction also aligns closely with national energy ambitions. Collaboration within the PETRONAS and MISC ecosystem enables enterprise-level synergy that supports the development of Malaysia's domestic oil and gas industry while unlocking value across the broader energy value chain. Integrated capabilities in engineering, fabrication and project delivery, position the Group to participate effectively in large-scale developments and contribute to the continued growth of the industry. Achieving this vision requires consistent performance, continuous improvement and sustained competitiveness. Operational capability, modern facilities, skilled personnel and trusted partnerships provide the foundation for delivering reliable outcomes for clients and long-term value for stakeholders.

Progress throughout the year reflects the dedication and effort of many parties. Utmost appreciation is extended to all employees across the organisation whose professionalism, hard work and loyalty, drive MHB's continued success. Our sincere gratitude is also conveyed to our parent company, MISC and our ultimate parent company, PETRONAS, for their guidance and support, as well as to our esteemed clients, vendors and subcontractors for their continued trust and collaboration. The Group also acknowledges the continued support of authorities and industry partners.

With this foundation established, the focus now turns to sustaining momentum and charting the next chapter of MHB's growth journey.

Mohammad Suhaimi Mohd Yasin

Chairman

MD & CEO's Message

Mohd Nazir Mohd Nor

MD & CEO



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Dear Stakeholders,

2025 has been a year of meaningful and consistent progress for MHB, as we balanced our priorities and delivered on our commitments to stakeholders while navigating a complex operating landscape. This performance reflects our operational excellence and financial resilience. The transformation initiated in 2024 has begun to yield positive results, placing MHB on a stronger footing to drive long-term growth while continuing to deliver steady progress.

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Navigating Market Volatility and a Complex Operating Landscape

The year was shaped by market volatility and geopolitical uncertainty that affected the global energy industry. The economic shifts and regional conflicts influenced investment sentiment and flows, supply chains and project execution, requiring us to remain responsive while keeping our operational foundations steady. These pressures did more than test the business; they required us to stay agile and carefully manage risks while continuing to pursue emerging opportunities.

Our response to the complex operation landscape was concentrated. We took steps to optimise our business portfolio, restructure parts of the organisation and improve operational efficiency across the Group. The aim was not only to stabilise performance in the near term, but to create an operating model that can support resilience over time.

That effort also changed how teams work with one another. We placed greater emphasis on integration across functions, clearer workflows and stronger project coordination so that productivity, reliability and delivery discipline could improve in a more sustained way. What emerged from this was not simply a change in structure, but a change in behaviour.

The transition to a yard-centric operating system is central to this effort. With production planning, space allocation and workflow coordination managed centrally, capacity utilisation and project activities were effectively managed. Supported through the centralised production system, these changes have delivered measurable improvement in productivity while reducing operational risks.

Technology adoption has further reinforced this progress by enhancing operational control, visibility and consistency. Engineering and project delivery practices have been strengthened to better align planning with execution requirements, while stronger commercial discipline has improved cost transparency and delivery reliability across projects. These structural changes have been complemented by stronger ownership at the operational level, quicker decision making and better cross-functional collaboration. We are seeing the effect of this not only on day-to-day execution, but also on stronger bid competitiveness, tighter cost control and more predictable project outcomes.

As we head into 2026, we approach the market with vigilance and a stronger sense of preparedness. While the external environment remains challenging, the efforts undertaken over the past year have better equipped us to respond and adapt to this environment with greater confidence.

MD & CEO's Message

A Year of Meaningful Progress – Resilience and Progressive Performance

The progress achieved during the year reflects the strengths of our offshore fabrication and vessel repair capabilities. In 2025, MHB delivered robust performance, commencing the year with a strong order book of RM5,263.1 million. Our clear focus on operational excellence and disciplined project delivery has enabled the Group to navigate the complex energy landscape effectively. The performance in 2025 was a testament to the hard work and dedication of the employees, as the Group continued to deliver value to the stakeholders.

The Marine segment delivered another year of strong and breakthrough performance, completing 87 vessels during the year, including 26 LNG carriers. This performance further strengthened MHB's position within the global marine services industry. According to Clarksons Research, MHB improved its global ranking to second among shipyards with the highest number of LNG carrier repairs completed during the year.

These rankings reflect the Group's consistency, capacity and the client confidence, factors that directly support long-term relationships and future project opportunities.

Several complex conversion and offshore projects, including FSU Puteri Delima Satu and FPSO Bunga Kertas, were successfully delivered during the year. This demonstrates Marine segment's capability to execute work on large-scale assets safely and reliably while supporting critical energy infrastructure. These achievements reinforce MHB's position as a trusted partner for complex offshore projects, supporting long-term client relationships and repeat business.

This momentum has also supported market diversification. During the year, MHB expanded into new international markets including the United States, the United Kingdom, Vietnam and Norway. This reflects continued progress in strengthening our presence across key markets, including established hubs in Europe and Asia, and supports longer-term growth opportunities while helping to strengthen revenue stability.



FSU Puteri Delima Satu



Kasawari Carbon Capture & Storage (CCS) project

In Heavy Engineering segment, project delivery improved alongside the organisational reforms already put in place. This progress was visible in the successful delivery and offshore mechanical completion of the remaining three wellhead platforms under the JDA Phase 6 project for Carigali-PTTEPI Operating Company. This followed the earlier delivery of the first two wellhead platforms in 2024. These achievements marked a significant milestone for MHB, demonstrating our capability to execute a series of offshore structure fabrication works.

Progress was also recorded across other key projects. The EPCIC Kasawari Carbon Capture & Storage (CCS) project achieved mechanical completion of its jacket structure while staying on track with other key milestones. Within the VESTIGO portfolio, wellhead platform projects at Irong Timur, Berantai East and Kurma Manis progressed ahead of schedule, reflecting stronger coordination across engineering, procurement and construction.

Work on offshore substations under TenneT's 2GW Programme also continued during the year. Following developments involving the termination of the original contractor, MHB has been working closely with TenneT, the ultimate client to maintain continuity and delivery for both the IJmuiden Ver Alpha and Nederwiek 1 offshore substation platforms.

Performance has little meaning if it comes at the expense of people or the environment. Health and safety sit at the heart of how we operate, and in 2025, we recorded zero fatalities. That outcome reflects disciplined execution and a shared sense of responsibility across our teams for managing risk where it arises.

Our approach goes beyond compliance. We continue to cultivate a generative Health, Safety and Environment culture that treats safety as personal, proactive and owned at every level of the organisation. The principle that safety starts with me is reinforced through daily practices that encourage open communication and individual accountability of safe work practices, ensuring that basic safety principles are consistently applied across all tasks or project phases.

The Care & Comply initiative further uphold our responsibility to safeguard the wellbeing of our people, our partners, and the environment in which we operate, while reinforcing our commitment to disciplined adherence to applicable laws, regulations, and the systems and standards we have established. Together, it sets the minimum expectations for leadership, behaviour, and decision-making across the Group.

MD & CEO's Message

Transformation Delivering Impact

The transformation journey initiated in 2024 has now begun to show positive results. What started as a response to immediate operational and market challenges has developed into a broader effort to improve project delivery, operational excellence and financial resilience. We have made positive progress in strengthening the business foundation, improved efficiency and created a platform for future growth.

The results of these efforts are increasingly visible in how the yard operates, how projects are executed and how swiftly the organisation responds to changing conditions. These improvements have strengthened our competitiveness and positioned us more effectively to capture emerging opportunities.

Execution discipline has been reinforced through improved planning, better resource coordination and enhanced oversight of capacity utilisation and project activities. This has resulted in more consistent delivery outcomes, greater cost visibility and a productivity improvement of approximately 20% across projects, enabling us to offer more competitive solutions to customers.

The discipline applied across operations has also been reflected in our financial results. For the financial year ended 2025, MHB recorded revenue of RM1,976.3 million. Profit before tax stood at RM104.5 million, while EBITDA amounted to RM183.0 million. Operating cash flow strengthened to RM172.7 million from RM124.1 million in 2024, reflecting improved cash generation and effective working capital management. One of the notable achievements during the year was the securing of RM1.0 billion in order intake and the recognition of RM560.5 million in revenue by the Marine segment.

This marks the second consecutive year of profitability. Such consistency reflects prudent stewardship and strengthened financial position, providing the Group with the flexibility to expand capital investment while preserving financial resilience amid a volatile market environment.

For more information on our FY2025 Performance, please refer to Chief Financial Officer's Message on pages 30 to 31.

Growth Focus – Sustainability and Transition Readiness

Our approach to sustainability is grounded in the practical realities of the energy transition. We are committed to leveraging our strengths to expand our footprint across the energy industry by participating in projects where we can bring our expertise and delivery capability in support of our clients, while contributing to a cleaner and greener future.

This has already taken shape through the growth in our revenue, driven by new energy projects such as Kasawari CCS and offshore substations under TenneT's 2GW Programme. We remain committed to strategically balancing our portfolio across conventional oil and gas and new energy projects, including offshore wind and carbon capture, utilisation and storage projects. With the digitalisation underway, these efforts will

propel MHB forward in pursuing a more resilient and sustainable future.

Progress was also recorded across our Environmental, Social and Governance priorities. During the year, MHB achieved an 11.3 percent reduction in carbon emission intensity compared with the 2016 baseline, moving closer to our target of a 20% reduction through 2030 and our longer-term net zero ambition for 2050.

Our contribution extends beyond operations. During the year, more than RM120,000 was invested in community programmes supporting local development in the areas where we operate. These efforts strengthen relationships with surrounding communities and contribute to longer-term social development.

As project complexity grows and opportunities linked to the energy projects continue to expand, partnerships are becoming more important. During the year, MHB reached a significant milestone through the establishment of Floating Production Solutions Sdn Bhd, a joint venture between MISC OBU One (L) Pte Ltd and MMHE. This platform creates a focused vehicle to capture and participate competitively in offshore production facilities, particularly as anticipated supercycle demand for floater projects presents opportunities to the Group. Through this strategic partnership, MHB leverages the Group's shared expertise to maximise long-term enterprise value.

Collaboration also expanded into emerging energy segments. A cooperation agreement with Blueocean Wind in China supports the development of offshore wind facilities, while a Joint Development Agreement with FuelCell Energy focuses on large scale hydrogen production technologies across Asia, New Zealand and Australia. This collaboration combines FuelCell Energy's solid oxide electrolyzer (SOEC) technology with MHB's expertise in large-scale fabrication to develop modular solutions that support rapid deployment of commercial hydrogen production facilities. These collaborations reflect MHB's continued commitment to advancing new energy solutions and contributing to global decarbonisation and energy transition objectives.

For more information on our sustainability journey, please refer to pages 98 to 185.

Future Ready

Future readiness depends on capability. We are focused on our MHB 2030 target and on solidifying our position as a leading energy solutions provider. This will enable MHB to continue delivering sustainable value to stakeholders, while remaining relevant in an evolving energy landscape.

In 2026 and beyond, yard modernisation will be a key area of focus for MHB. This includes expanding the yard capacity, upgrading existing facilities and integrating advanced technologies, digital tools as well as automated machinery, equipment and systems. This investment is intended to enhance operational efficiency and productivity, support consistent project execution, and strengthen overall safety and quality.

The value of this effort lies not only in physical upgrades, but in what those upgrades allow the business to pursue. A modernised yard will support larger and more complex projects, more integrated services

and the expansion of our capabilities in new energy solutions, allowing us to deliver more competitive solutions to clients while positioning our yard for sustainable growth and future readiness.

Sustaining Momentum – People, Capability and Culture

At MHB, our people remain our greatest asset and the driving force behind our success. Sustained progress and performance are anchored in their continuous growth and evolving capabilities. We are therefore committed to investing in the development of our workforce, while fostering a high-performance environment where innovation, collaboration, and continuous learning are embedded in the way we work.

This commitment is further strengthened by the launch of the MHB Academy, which plays a central role in building a highly skilled and future-ready workforce. In 2025, MHB invested RM4.5 million in structured training programmes, delivering over 100,000 training man-hours. These initiatives enhance technical expertise, support leadership development, and equip our people to execute increasingly complex projects across both conventional and new energy sectors.

We also strive to cultivate a workplace culture that motivates and empowers our people to deliver exceptional results in challenging and dynamic environments. A key pillar of this journey is the MHB Way, which translates our values and ways of working into clear, practical expectations that guide behaviour and decision-making. It reinforces adaptability through continuous learning and responsiveness to change, enabling our workforce to navigate complexity with confidence. At the same time, it strengthens accountability by fostering a strong sense of ownership and driving performance with integrity. Together, these elements support disciplined execution and the consistent delivery of performance excellence.

The outcomes of our broader transformation efforts reflect the adaptability and professionalism of our workforce. Their commitment has been instrumental in the progress achieved this year. Looking ahead, sustaining our growth will depend on continued investment in talent development and the cultivation of a strong, inclusive culture. This will position MHB as an employer of choice and a leader in the energy industry, while enabling us to attract and retain top talent to drive long-term success.

Strategic Direction and Outlook

Volatility is likely to stay a defining feature of the operating environment. Energy markets are still shaped through geopolitical developments, regulatory change and evolving investment patterns, which means strategy has to balance resilience with readiness.

Our priorities therefore continued to centre on project delivery excellence, securing a high-quality order book and building a balanced portfolio across both conventional and emerging energy opportunities. Project delivery excellence sits at the centre of this. We continue to enhance project management processes to improve timeliness, cost discipline, quality and safety, while also strengthening agility in execution and partnership models.

A strong and diverse order book remains an important part of this strategy as we continue to pursue contracting approaches that emphasise risk sharing, including alliance concepts and cost-plus arrangements. These structures strengthen client partnerships while enabling us to navigate supply chain disruptions and market volatility more effectively. The goal is not only to pursue volume, but to secure work that aligns with our strategic objectives and supports long-term value creation to the stakeholders.

Growth opportunities are visible across both segments. In Heavy Engineering, we are strengthening our domestic position while expanding our international footprint as an EPCIC contractor. In Marine, steady LNG demand through 2030 continues to create opportunities in LNGC repair work. Our expertise in floater conversions also positions us to participate in the growing FPSO market, supported through rising global energy demand and advances in deepwater exploration. As part of the marine and heavy engineering arm of PETRONAS and MISC Group, our priorities are strategically aligned to unlock value and operational synergies across the enterprise ecosystem.

A balanced business model will also require wider participation in emerging energy markets. Conventional energy still plays an important role in global energy security, yet we are also building a stronger presence in offshore wind, hydrogen and carbon capture. Our experience, particularly in the Kasawari CCS and offshore substation projects, provides a solid foundation to pursue further offshore new energy opportunities both in Malaysia and internationally.

These priorities are supported through the yard modernisation strategy, which will strengthen operational capability through upgraded facilities, technology-enabled services and more integrated one-stop solutions. Although supply chain disruptions and geopolitical tensions continue to shape the market, they can also create openings. Shifting trade patterns and changing client needs may support diversification of our pipeline, and our task is to stay agile to capture those opportunities.

Acknowledgement and Appreciation

The progress achieved during the year reflects the dedication and professionalism of our people, as well as the trust placed in us by our stakeholders. It has been a challenging period, and the support around MHB has mattered greatly.

We thank the Board of Directors for their guidance and oversight during this period of transformation. Their perspective supports sound decision making and long-term value creation.

To the MHB team, thank you for your professionalism, resilience and sense of responsibility. Your efforts have enabled the organisation to perform through challenging conditions while building a stronger foundation for the future.

To our clients, partners and stakeholders, thank you for your trust and continued support. With stronger operational foundations and a clearer strategic direction, MHB enters the coming years with greater confidence in its ability to drive sustainable growth and deliver meaningful value to stakeholders.

Mohd Nazir Mohd Nor

MD & CEO

Chief Financial Officer's Message

Mohammad Romzi Shafi'e
Chief Financial Officer



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Dear Stakeholders,

I am pleased to present MHB's positive financial performance for 2025, achieved despite a year marked by volatility and uncertainty. For the financial year, the Group sustained profitability for a second consecutive year, supported by disciplined project execution and prudent financial management. These efforts translated into a stronger balance sheet and a healthy cash flow position.

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Operating and Market Environment

The operating landscape in 2025 was shaped by prolonged geopolitical, macroeconomic and tariff-related pressures. This environment called for tighter discipline and more rigorous project monitoring, while volatility in material availability, lead times and pricing required close coordination across the supply chain. These pressures were further influenced by policy shifts in major economies, including tariff measures and evolving climate-related initiatives, which continued to shape global investment and trade patterns into 2026.

Despite these challenges, opportunities began to emerge from the ongoing FPSO supercycle, strengthening the position of fabrication yards to participate more actively in this cycle.

Delivering Sustainable Financial Performance

MHB's trajectory over the past two years reflects a measured progression from challenge to stability. Following significant operational and financial pressures in 2023, the Group realigned its direction in 2024 to strengthen its financial position through enhancements in contracting strategy, capital and liquidity management, as well as cost discipline. These measures laid the groundwork for 2025, where

continued execution, supported by selective project intake and improved revenue quality, led to greater consistency in both operational and financial performance across the Group.

For the financial year ended 31 December 2025, the Group recorded revenue of RM1,976.3 million and profit before taxation of RM104.5 million, sustaining nine consecutive profitable quarters and reflecting steady performance momentum. This outcome was driven by tighter cost control, a more disciplined contracting approach and improved operational efficiency across the Heavy Engineering and Marine segments. The balance sheet also strengthened, with equity attributable to shareholders increasing by RM109.2 million, while gearing remained prudent at 0.17, providing financial flexibility to support future growth.

Cash flows from operations rose to RM172.7 million, supported by stronger collections and disciplined working capital management. Together with available funding facilities, this provided sufficient liquidity to support ongoing operations, committed capital investments and debt obligations, reflecting effective capital and liquidity management. The Group closed the year with an order book of RM4,059.2 million, offering earnings visibility across the near to medium term and positioning MHB to pursue opportunities in both the oil and gas and new energy sectors through a balanced portfolio.

Segmental Performance

The Heavy Engineering segment recorded revenue of RM1,415.8 million, compared with RM3,186.6 million in the previous year. The decline reflects several major projects nearing completion, while newly secured contracts remain in early execution phases and have yet to contribute meaningfully to revenue. Operating profit stood at RM71.4 million, compared with RM110.1 million a year earlier, in line with lower activity levels during the initial stages of project execution.

In the Marine segment, revenue increased to RM560.5 million from RM422.0 million in the previous year, driven by higher vessel conversion and LNG carrier repair activity across the yards. The stronger operational pace lifted operating profit to RM63.1 million, up from RM41.0 million a year earlier, supported by improved project planning, better yard utilisation and disciplined cost management. Demand for repair, maintenance and conversion services continued to support stable activity levels, providing a steady earnings base that complements the longer-cycle nature of the Heavy Engineering business and contributes to the Group's overall performance.

During the year, the segment also strengthened its position as a trusted international yard, expanding its global presence and ranking as the world's second-highest yard by number of LNG carrier repairs completed.

Sustainability and ESG Commitments

Sustainability is embedded in MHB's long-term value creation strategy, shaping both financial and operational decisions while guiding investments in emissions reducing technologies and low carbon solutions that position the Group for the global energy transition. The project portfolio reflects a balanced approach, where conventional energy activities provide a stable revenue base alongside selective expansion into new energy segments such as offshore wind, carbon capture and hydrogen, creating future growth opportunities and broadening market exposure across evolving energy markets.

Further details on our sustainability initiatives are provided on pages 98 to 185.

Investment of Capital

MHB invested a total of RM164.9 million in 2025 to strengthen operational capabilities, enhance productivity and support long-term growth. A significant portion of the expenditure was directed towards the construction and upgrading of yard infrastructure, alongside the acquisition of critical machinery and equipment, including an automated panel line machine and cranes to expand fabrication capacity. Upgrades to key equipment and digital systems also progressed during the year, supported by initiatives to elevate safety and environmental performance standards.

These investments were subject to disciplined evaluation against strategic priorities, project pipeline requirements and return expectations, with the objective of enabling the Group to undertake more complex scopes while improving productivity and cost efficiency across the value chain. Capital deployment was carefully balanced against cash flow considerations, supporting prudent financial management while progressively building the capacity required to pursue future opportunities.

Building Up for the Future

As the Group enters 2026, volatility and uncertainty continue to shape the global operating landscape. Within this environment, focus is placed on sustaining performance through strong operational control and consistent project delivery across all areas of the business. Priority is given to strengthening risk management practices, maintaining organisational agility and adaptability in response to shifting market conditions, and applying disciplined financial and capital management.

Ongoing yard modernisation, including upgrades to existing facilities and the integration of advanced and automated machinery, equipment and systems, is set to enhance productivity, support consistent execution and strengthen overall competitiveness. This positions the yard to capture future growth opportunities. Guided by a clear focus on performance, safety, sustainability and long-term value creation, the Group is well placed to navigate market conditions while delivering sustainable returns and lasting value for shareholders and stakeholders.

This progress reflects the dedication of our people, the collaboration of our partners and the trust placed in us by our stakeholders. On behalf of the Group, sincere appreciation is extended to all who have contributed to MHB's performance and progress. Guided by the MHB Way, the Group moves forward as One Team, focused on delivering value responsibly and sustainably.

Mohammad Romzi Shafi'e

Chief Financial Officer

Value Creation Business Model



Key Capitals



FINANCIAL CAPITAL

We practise prudent financial management and maintain strict capital discipline, guided by our strategy, positioning the organisation to remain resilient in a volatile operating environment. A strong financial position enables our other capitals to contribute meaningfully to overall performance and deliver sustained value to our stakeholders.

Inputs

Metric	2025 (RM' mil)	2024 (RM' mil)
Total Assets	3,132.9	3,530.5
Shareholders' Equity	1,488.8	1,379.5
Cash Flows from Operations (CFFO)	172.7	124.1
Free Cash Flow	7.7	12.2

Outputs / Outcomes

Metric	2025 (RM' mil)	2024 (RM' mil)
Profit After Tax	102.8	121.0
Revenue	1,976.3	3608.6
CAPEX	164.9	111.9
EBITDA	183	208.7

- Achieved two consecutive years of profitability
- Sustained profitability supported by improved operating cash flows

Actions to Enhance Outcomes

- Strengthened cost optimisation measures and cash flow management to enhance liquidity and profitability
- Targeted capital deployment aligned with strategic priorities
- Prudent management of financial commitments, with disciplined capital allocation and responsible investment practices

Trade-offs

- Maintaining cost efficiency while upholding quality standards remains essential to sustaining operational excellence
- Continuous improvement initiatives may require short-term resource allocation, impacting immediate results but ultimately driving long-term value creation



MANUFACTURED CAPITAL

We utilise a diverse portfolio of assets across our integrated business to deliver energy while meeting evolving market demands and advancing our ambition to achieve net-zero carbon emissions by 2050. Continuous investments in new technologies support our efforts to reduce emissions and drive sustainable business growth.

Inputs

Metric	2025 (RM' mil)	2024 (RM' mil)
Property, Plant and Equipment	1,627.0	1,506.7
Right-of-Use Assets	180.0	189.5
CAPEX	164.9	111.9

Oil & Gas and Renewable New Energy Facilities

Facility	2025	2024
Fabrication Areas	6	6
Goliath Cranes	2	2
Transporters	6	6
Crawler Cranes	10	10
Mobile Cranes	10	10
Fabrication Area No. 4 Loadout Facilities	55,000 MT	55,000 MT
Fabrication Area No. 5 Loadout Facilities	40,000 MT	40,000 MT
Bulkhead Structure	5,000 MT	5,000 MT
Loadout skid track South wharf	12,000 MT	12,000 MT
Loadout skid track West wharf A	15,000 MT	15,000 MT
Loadout skid track West wharf B	25,000 MT	25,000 MT
Loadout skid track East wharf	3,000 MT	3,000 MT

Marine Facilities

Facility	2025	2024
Dry Docks	3	3
Land Berths	2	2
Synchrolift System	1	1
Shiplift Bulldozers	3	3
Fixed and Portable Winches	72	72
Level Luffing Crane	16	15
Quay Structures	7	7
Mobile Aerial Platform	8	16

Yard Facilities

Facility	2025	2024
Number of Workshops	58	47
Unit of Overhead and Gantry Cranes	132	132

Outputs / Outcomes

- Improved productivity, efficiency, and precision through automation
- Improved asset uptime, reliability, and safety through asset rejuvenation and enhanced maintenance strategies
- Increased yard readiness and production efficiency, supporting effective project execution

Actions to Enhance Outcomes

- Shift from a project-centric to yard-centric approach for planning & resource management
- Enhanced monitoring and tracking systems to ensure the reliability of critical equipment, maximising asset availability
- Optimised uptime through strengthened preventive and corrective maintenance processes and checklists, aligning performance with operational targets

Trade-offs

- The implementation of these shifts will require a transition period as new ways of working are embedded

Key Capitals



HUMAN CAPITAL

Our diverse and high-performing workforce is essential to delivering our strategic priorities. Human capital outcomes were shaped by focused upskilling, targeted hiring and sustained training investments to close critical capability gaps, for a future-ready workforce.

Inputs

Metric	2025	2024
Total Employees	3,145	3,802
Percentage of Women Employees (%)	18.1	18.8
Investment in Training and Development (RM ¹ mil)	3.00	2.92
Total New Hires	212	322

Outputs / Outcomes

- Total employee training hours: 59, 273 hours
- Average training hours per employee per year: 18.84 hours
- Improved workforce capability
- Higher employee engagement and upward mobility

Actions to Enhance Outcomes

- Addressing identified capability gaps to strengthen readiness and execution of EPCIC projects
- Enhancing skills depth and integration to support efficient project delivery and sustainable business performance

Trade-offs

- Short-term operational costs are incurred to implement programmes aimed at enhancing employee skills, engagement, and long-term productivity
- Requires close monitoring to align training schedules with operational requirements, ensuring minimal disruption to business activities



INTELLECTUAL CAPITAL

Our intellectual capital comprises the knowledge, expertise, and innovation that underpin our competitive advantage, enable continuous improvement, and strengthen strategic decision-making. We continue to build this capability by enhancing our value proposition to clients and systematically improving our processes to deliver more competitive offerings.

Inputs

- Pursuing enhanced value proposition in emerging solutions (new energy, decarbonization, etc.) through partnerships with technology providers and industry leaders
- Extending our value offers to include new services to meet evolving client needs
- Continuous improvement of our processes to increase productivity, efficiency, and overall cost-competitiveness

Outputs / Outcomes

- Notable progress in new energy initiatives through continued participation in offshore wind projects and pilot projects for hydrogen plants
- Introduced new in-house service offerings for LNGC / LNG-fuelled vessel operators including gas-up / cool-down (GUCD), LNG fuel bunkering, and bulk N2 inerting
- Improved productivity, efficiency, and precision through automation

Actions to Enhance Outcomes

- Continued pursuit of strategic partnerships with technology providers and industry leaders to enhance our value proposition
- Continuously refining our processes based on industry best practices to improve productivity, efficiency, and overall cost-competitiveness

Trade-offs

- Reliance on technology providers and industry partners accelerates capability building but requires robust governance, integration and knowledge transfer to mitigate long-term dependency risks
- Process automation and efficiency improvements may require changes to existing workflows, systems and workforce capabilities, necessitating transition periods before productivity gains are fully realised

Key Capitals



NATURAL CAPITAL

We are committed to continuously minimising our environmental impact and investing in technologies that support emission reduction and the development of cleaner energy solutions, in line with our ambition to achieve net-zero carbon emissions by 2050. Our achievements in this capital reflect progress in reducing emission intensity, strengthening waste management, and enhancing environmental monitoring, while balancing operational demands in energy-intensive marine and heavy engineering activities.

Inputs

Metric	2025	2024
Environmental Awareness Campaigns (RM)	53,560	53,000
Environmental Awareness Campaigns (RM)	5,555,335	4,383,898
Electricity Consumption (MWh)	48,405	48,388
Water Consumption (cbm)	944,770	805,639
Scheduled Waste Generated (MT)	23,835.14	16,725.30

Outputs / Outcomes

Emissions Type	2025	2024
Scope 1 GHG Emissions (tonnes CO2e)	8,228	9,750
Scope 2 GHG Emissions (tonnes CO2e)	32,286	32,275
NOx Emissions (tonnes)	6.32	8.38
SOx Emissions (tonnes)	1.68	2.23
PM ₁₀ Emissions (tonnes)	0.80	1.06

- Reduction in GHG emissions, aligning with the Net-Zero Emissions 2050 target
- Improved waste management practices and environmental performance

Actions to Enhance Outcomes

- Intensifying decarbonisation efforts through use of renewable energy, enhanced energy efficiency measures, electrification of equipment and the adoption of cleaner fuels
- Strengthening hazardous waste management through co-processing and repurposing scheduled waste
- Improving non-hazardous waste management via the Trash-to-Cash Centre and reduction of single-use plastics

Trade-offs

- Investments in low-carbon technologies and sustainable practices may impact short-term financial performance but enhance long-term value and regulatory compliance
- Balancing operational demands with sustainability goals requires continuous collaboration and adoption of new technologies



SOCIAL AND RELATIONSHIP CAPITAL

We strive to strengthen our social and relationship capital through stakeholder engagement programmes, community development initiatives, and enhanced safety and vendor programmes, reinforcing trust, resilience, and our licence to operate.

Inputs

- Investment in education, community well-being, and environmental programmes: RM126,601 (e.g. handover donations to underprivileged residents, flood relief assistance, and the MHB River Rehabilitation Programme)
- Subcontractor and Vendors Engagement (SAVE) Day to enhance working relationships and two-way communication

Outputs / Outcomes

- Delivered more than 10 community engagement and social impact initiatives, covering community development, disaster relief, stakeholder engagement and environmental stewardship
- Reached more than 300 beneficiaries through various community programmes
- Strengthened relationships with the local industry ecosystem (vendor, suppliers, contractors), contributing to enhanced supply chain resilience

Actions to Enhance Outcomes

- **Strengthened multi-stakeholder collaboration**
Continued engagement and collaboration with state and local authorities, academic institutions, and community organisations to deliver integrated community development and environmental stewardship programmes, strengthening trust and shared ownership of outcomes
- **Expanded employee and community participation**
Increased employee volunteerism and community involvement through structured social, disaster relief, and environmental initiatives, fostering stronger internal engagement while enhancing social impact at the community level
- **Integrated capacity building and knowledge transfer**
Implemented capacity-building and knowledge-sharing initiatives with communities, schools, and volunteers to support long-term sustainability, environmental awareness and self-sufficiency beyond one-off interventions

Trade-offs

- Increased investment in stakeholder programmes may result in higher short-term costs but contributes to long-term business sustainability and stakeholder trust
- Balancing operational efficiency with supplier and community development efforts requires strategic resource allocation to support business continuity and sustainable growth



Engaging with Stakeholders

At MHB, stakeholder engagement is an integral part of how the Group manages its business and plans for the long term. Building and sustaining relationships grounded in trust, transparency, and mutual understanding support informed decision-making and reinforce organisational resilience in a dynamic operating environment.

Structured and ongoing engagement with stakeholders provides MHB with clear insights into evolving expectations, priorities, and concerns. These perspectives are incorporated into strategic and operational considerations, enabling the Group to align its initiatives with stakeholder interests while maintaining a disciplined focus on value creation. Engagement outcomes also inform the identification of emerging risks and opportunities, supporting the development of timely and effective responses.

Our stakeholder identification process follows a two-step methodology:

1 Mapping Our Stakeholder Ecosystem

We identify both internal and external stakeholders by gathering insights from internal departments and assessing the degree of influence these groups have on our daily operations. A thorough assessment is conducted to determine those directly and indirectly affected by our activities.

2 Assessing Stakeholder Needs in Relation to Business Objectives

Through this evaluation, we shape strategic goals that drive sustainable value creation for both MHB and our stakeholders. We assess the level of interdependence and tailor our engagement approaches based on each group's impact and influence on our business.

We prioritise stakeholders based on their level of impact and influence, leveraging insights from our analysis. This information is represented in MHB's Stakeholder Map, which serves as a guide for our stakeholder engagement throughout the year.



Engaging with Stakeholders

GOVERNMENT & REGULATORS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature relationship	At MHB, we proactively and consistently ensure compliance with all relevant legal and regulatory requirements. By fostering strong relationships with government and enforcement agencies, as well as regulators, we reinforce our shared commitment to integrity, ethical conduct, and sound governance. This collaborative approach enables us to uphold the highest standards while contributing to a transparent and trustworthy operating environment.	<ul style="list-style-type: none"> Compliance with applicable legal and regulatory requirements Adherence to best practices in health, safety, environment, labour, and construction standards Fostering a culture of transparency and accountability 	<ul style="list-style-type: none"> Maintained ongoing engagement with government bodies and regulators to align on licensing requirements and business activity scope Ensured continuous communication with stakeholders through focal persons, workshops, and official circulars on updates and regulatory changes Implemented initiatives to reduce environmental impact Strengthened safety practices to ensure a safe working environment Enhanced compliance frameworks, including updating policies and procedures to reflect the latest regulatory requirements Collaborated with MACC to conduct anti-corruption workshops, reinforcing compliance with anti-bribery laws and ethical standards 	<ul style="list-style-type: none"> Full compliance with evolving legal and regulatory requirements, with timely updates and alignment Upholding ethical standards and mitigating corruption risks 	<ul style="list-style-type: none"> Enhanced insights into the challenges and complexities of maintaining responsible operations Promoted ethical conduct, reduced corruption risks, and ensured legal compliance Strengthened trust in MHB as a compliant and responsible corporate entity 	<ul style="list-style-type: none"> Face-to-face and virtual meetings Reporting Workshops and training sessions 	As required		<ul style="list-style-type: none"> BS CC NRC HLR HS GE 	<ul style="list-style-type: none"> Health and Safety Risk Environmental Risk Legal and Regulatory Risk 		

SUPPLIERS / VENDORS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Partnership and strategic alignment	Our suppliers and vendors are strategic partners in fostering a collaborative ecosystem, where we proactively address challenges together to strengthen relationships and deliver mutual value.	<ul style="list-style-type: none"> Strengthening partnerships and building on shared commitments Enhancing communication, transparency, and alignment of goals Exploring new ways of working to address industry challenges and opportunities Understanding vendors' key challenges and concerns Effective resource management and operational efficiency Implementation of sustainability practices cross the value chain 	<ul style="list-style-type: none"> Adopted collaborative risk management approaches Facilitated problem-solving workshops Strengthened ongoing communication channels Integrated supply chain partners in our sustainability journey Fostered meaningful partnerships to address key challenges collaboratively Reduced risks associated with contractual disputes and performance gaps Enhanced product and service quality 	<ul style="list-style-type: none"> Stronger strategic alignment between MHB and its vendors and subcontractors, fostering effective collaboration towards shared objectives Deeper partnerships built on trust and collaboration across the supply chain Integration of sustainability practices, aligning partners with ESG goals for shared impact Improved operational efficiency, reducing disruptions and enhancing performance Effective risk mitigation, minimising disputes and strengthening supply chain resilience Quality excellence, delivering superior products and services Innovation – driving growth through collaborative problem-solving 	<ul style="list-style-type: none"> Improved customer satisfaction Promoted a culture of continuous improvement Facilitated the exchange of ideas for technological advancement and innovative solutions 	<ul style="list-style-type: none"> Face-to-face Virtual meetings Events 	As required		<ul style="list-style-type: none"> SC GE HLR 	Supplier Risk		

Engaging with Stakeholders

BUSINESS PARTNERS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Partnership and strategic alignment	Our business partners are key enablers in fostering a collaborative ecosystem, where we proactively address challenges together to strengthen relationships and deliver mutual value and sustainable growth.	<ul style="list-style-type: none"> Technology advancement and innovative solutions Enhancing collaboration, information sharing, and knowledge exchange for mutual growth Sharing solutions to address industry challenges and opportunities 	<ul style="list-style-type: none"> Integrated partners into our organisational and sustainability journey Fostered meaningful partnerships to address key challenges collaboratively Enhanced product and service quality Promoted win-win negotiations and collaborative approaches Leveraged long-term partnerships to drive shared value 	Mutually beneficial partnerships that drive success, growth, and profitability for all parties.	<ul style="list-style-type: none"> Improved customer satisfaction Expanded customer base Facilitated the exchange of ideas and innovations Created long-term business opportunities 	<ul style="list-style-type: none"> Face-to-face Virtual meetings 	As required			Supplier Risk		

CUSTOMERS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature relationships	We consider customers essential to fostering strong relationships and enhancing the quality of our project delivery.	<ul style="list-style-type: none"> Product pricing, availability, safety and quality Strategic networking and knowledge sharing Brand reputation and advocacy Potential business opportunities, partnerships, and collaborations 	<ul style="list-style-type: none"> Utilised multiple engagement platforms to actively gather customer feedback Adopted a responsive, customer-centric approach Enhanced customer experience and satisfaction 	Build long-term relationships, brand loyalty, and trust.	<ul style="list-style-type: none"> Gained insights into the market trends, positioning, and emerging technologies Promoted ethical conduct and enhanced global industry presence, contributing to an enriched customer experience Strengthened MHB's industry presence by developing strategic relationships, enhancing brand visibility, and contributing to the advancement and sustainability of the energy industry 	<ul style="list-style-type: none"> Face-to-face and virtual meetings Conferences and exhibitions Customer satisfaction surveys 	As required			<ul style="list-style-type: none"> Customer Risk Competition Risk 		

EMPLOYEES

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature relationships	Our employees are the driving force behind our success, essential in building a cohesive and motivated workforce while fostering a collaborative environment. This contributes to higher employee satisfaction and overall organisational performance.	<ul style="list-style-type: none"> Employee well-being, health, and safety Inclusive work environment Employee development Maintaining positive management-employee relations 	<ul style="list-style-type: none"> Actively engaged and empowered employees in driving value creation Implemented diverse engagement activities Designed programmes to inspire and sustain employee motivation and commitment 	A positive workplace culture where employees are productive, engaged, innovative, and aligned with the Company's vision and mission.	<ul style="list-style-type: none"> Improved employee experience Supported career development and sustainable organisational growth 	<ul style="list-style-type: none"> Townhalls Staff engagement activities Internal communications Union engagements 	<ul style="list-style-type: none"> Quarterly As required 			<ul style="list-style-type: none"> Human Capital Risk Health and Safety Risk 		

Engaging with Stakeholders

BOARD OF DIRECTORS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature relationships	Our Board of Directors play a critical role in setting the Company's strategic direction, ensuring governance practices are upheld and overseeing financial and operational performance.	<ul style="list-style-type: none"> Financial performance Strategic oversight and direction Sustainability and governance Project delivery challenges 	<ul style="list-style-type: none"> Executed strategic direction as guided by the Board of Directors Implemented operational improvement initiatives Ensured robust governance practices and effective internal controls 	Setting the long-term vision and goals of the organisation while ensuring robust governance and oversight.	<ul style="list-style-type: none"> Improved financial performance Enhanced operational efficiency and productivity Upholding strong governance practices 	<ul style="list-style-type: none"> Annual General Meeting Board Strategic Conversation Visits Board meetings 	<ul style="list-style-type: none"> Annually Quarterly As required 		<ul style="list-style-type: none"> BS GE PFPP 	<ul style="list-style-type: none"> Financial Risk Legal and Regulatory Risk 	<ul style="list-style-type: none"> PDE HQOB 	

SHAREHOLDERS / INVESTORS / FINANCIAL PROVIDERS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
<ul style="list-style-type: none"> Management or engagement (for investor relations) Mature relationship (for financial providers) 	Our investment community is instrumental in instilling confidence and shaping a positive perception of the Company's financial strength. It also reflects our strong commitment to long-term value creation.	<ul style="list-style-type: none"> Transparent and inclusive communication for decision-making Timely, accurate, and relevant disclosures on the Company's financial performance Enhanced transparency to provide a deeper understanding of the Company's activities 	<ul style="list-style-type: none"> Maintained transparent and consistent communication Delivered financial value through regular engagements Provided relevant insights on strategic performance, growth prospects, governance, ethical standards, and environmental and social impacts 	Establish and maintain a reputation for financial integrity, responsibility, and transparency.	<ul style="list-style-type: none"> Disseminated complete, transparent, and timely information, empowering the investment community to make well-informed decisions Provided a space for shareholders to express their views and seek clarification to build trust Granted deeper understanding of MHB's overall business operations 	<ul style="list-style-type: none"> Face-to-face and virtual meetings Reports Website Annual General Meeting Visits 	<ul style="list-style-type: none"> As required Quarterly Annually 		<ul style="list-style-type: none"> BS PFPP 	Financial Risk	<ul style="list-style-type: none"> PDE 	

Engaging with Stakeholders

COMMUNITY

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Advocate, collaborate & empowerment	In the vibrant tapestry of our community, we find the keys to trust, responsiveness to local needs, and a shared commitment. Our decisions and initiatives are not just about impact but are woven with the fabric of our community's well-being and values, creating a harmonious and thriving connection.	<ul style="list-style-type: none"> Socio-economic development of local communities, including job creation, skills development, and strategic partnerships with local businesses Health, safety, and environmental management, ensuring sustainable practices, safeguarding community health, and fostering environmental stewardship in affected area (e.g. Sungai Buluh, Pasir Gudang) Community well-being and development, uplift the socio-economic and cultural fabric of local communities 	<ul style="list-style-type: none"> Implemented community-centred initiatives including programmes to improve livelihoods and well-being through donations to underprivileged communities Conducted engagement and environmental education session - Organised workshops and awareness campaigns through MHB River Rehabilitation Programme to promote sustainable practices and educate communities on environmental conservation Contributed to philanthropic donations 	Positive, long-term relationships with communities, enhancing overall well-being and sustainable development.	<ul style="list-style-type: none"> Demonstrated our commitment to conducting business and growing the organisation in ways that positively contribute to society Raised awareness among local communities to support sustainable development and improve quality of life 	Community programmes	As required		<ul style="list-style-type: none"> HS HLR SCI NRC 	<ul style="list-style-type: none"> Health and Safety Risk Environmental Risk 		

LOCAL INSTITUTIONS

Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Collaboration or value creation	Our local institutional partners and academics play a vital role in creating a supportive business environment. Their active contributions drive community integration, ensure alignment with regional regulations and initiatives, and establish mutually beneficial partnerships that create value for all stakeholders.	<ul style="list-style-type: none"> Collaboration on human capital development and talent pipeline Diverse pool of potential candidates Brand and industry awareness 	<ul style="list-style-type: none"> Engaged closely with local institutions to exchange industrial insights Collaborated through awareness sessions and student engagement initiatives Officialised collaboration through the signing Memorandum of Collaboration (MoC), Memorandum of Agreement (MoA), Certificates of Competency (CoC) and Letters of Intent (LoI) with government agencies and institutions 	Contribute to broader societal well-being.	<ul style="list-style-type: none"> Fostered a collaborative industry and academic synergy Aligned with current business trends, offering valuable insights and resources to academia Reinforced a commitment to industry leadership 	<ul style="list-style-type: none"> Career talks Visits Programmes 	As required		<ul style="list-style-type: none"> HC 	Human Capital Risk		

Our Operating Environment

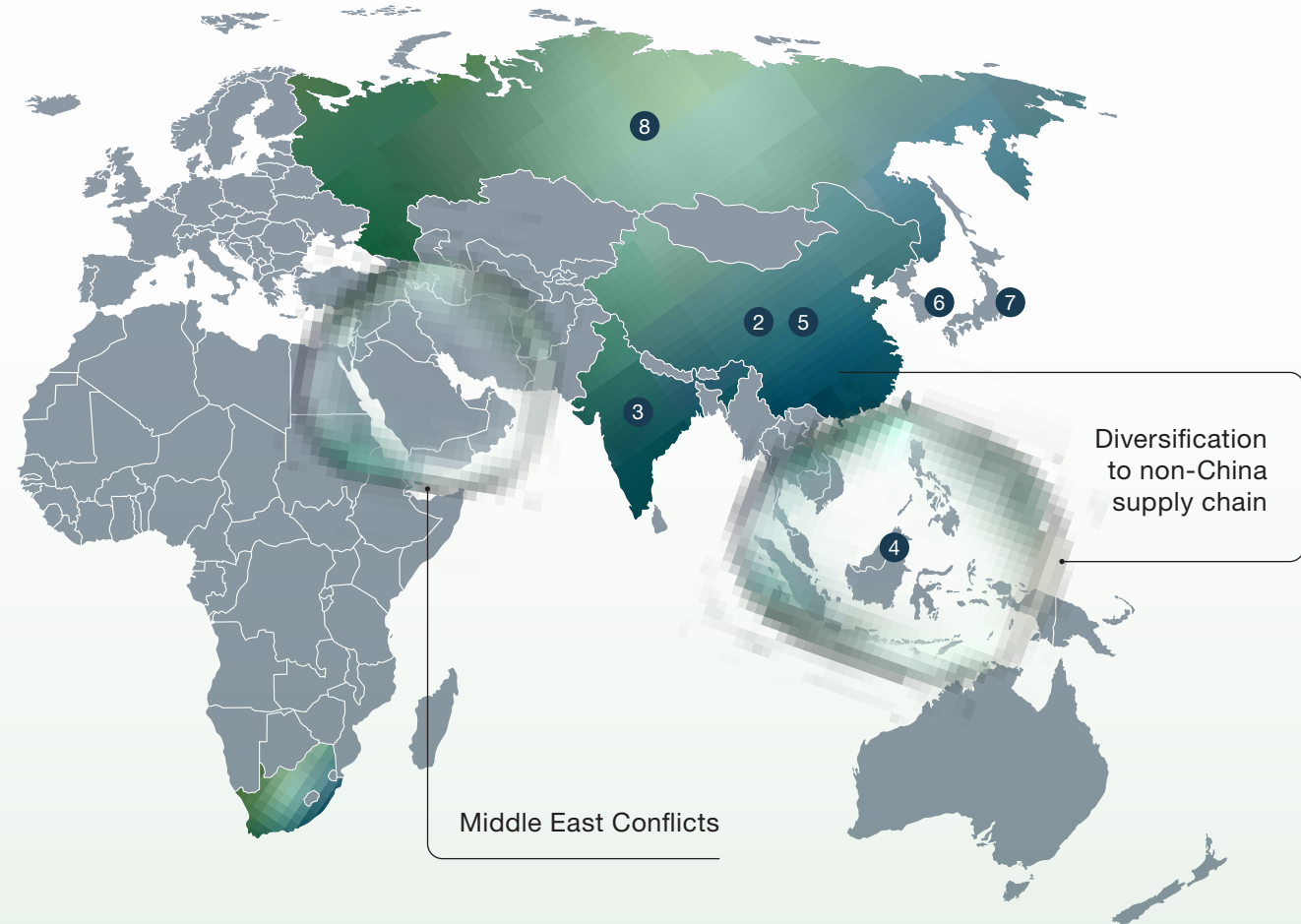
Geopolitical Events such as US Tariffs 2025-2026 and China's Continued Dominance in Supply Chains Continue to Shape the Industry

WHAT HAPPENED IN 2025?

US tariffs and climate policy reversals, together with reactions to China's continued dominance in global supply chains, shaped the geopolitical landscape in 2025.

- | | |
|---|--|
| 1 US policies influencing the global climate change outlook | 5 US efforts to reduce China's dominance in ASEAN |
| 2 US-China tariffs | 6 "Make American Shipbuilding Great Again" (MASGA) initiative |
| 3 India's plans to rebuild its shipbuilding and maritime sector | 7 Japan's plans to revitalise its shipbuilding sector |
| 4 PETRONAS-PETROS misalignment on Sarawak O&G resources | 8 US-EU bloc sanctions on Russia and its supply chain, including certain China yards |

● Key Geopolitical Events ■ BRICS Movement

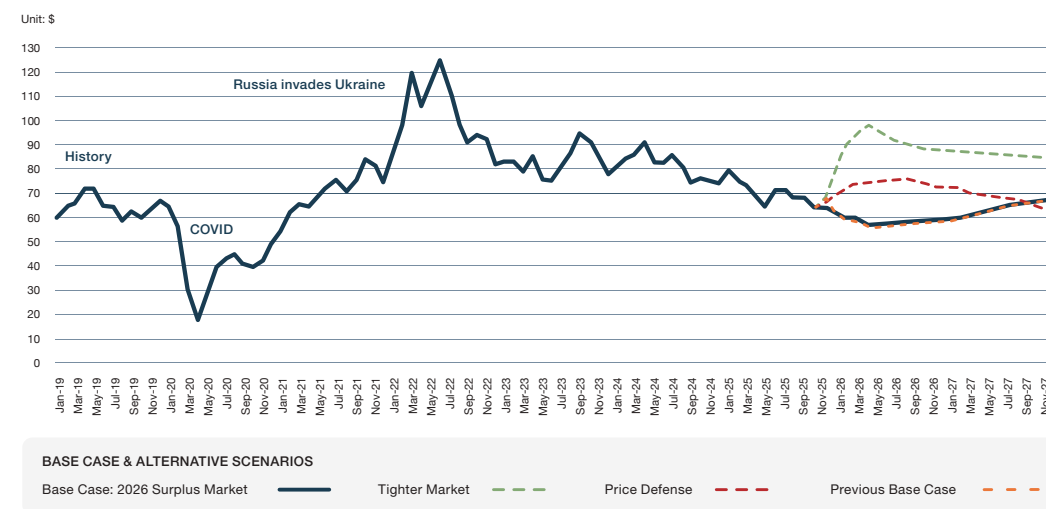


Reactions Against China's Continued Dominance in Supply Chains

- US-China tariffs in 2025 accelerated the fragmentation of global supply chains by increasing production and sourcing costs. These tariffs drove up prices, particularly for manufactured goods, electronics, and industrial components, and prompted companies to diversify production away from China
- As a result, the tariffs, together with US and European EPC players, accelerated efforts to diversify sourcing away from Chinese yards
- Increased national investments in shipbuilding outside China, including Japan (USD7 billion), India (USD7.86 billion), and South Korea (USD5 billion), reflecting efforts to strengthen competitiveness against China's shipbuilding dominance

US Influencing the Global Climate Change Outlook

- Earlier in 2025, under the new Trump administration, US announced its withdrawal from the Paris Agreement, signalling a shift in global climate policy direction and influencing other parties to place less emphasis on climate initiatives
- The US also influenced voting on the International Maritime Organisation (IMO) Net-Zero Framework, originally targeted for implementation in 2028. The US warned IMO members of potential sanctions, visa restrictions, and other retaliatory measures, resulting in a one-year delay to the IMO's regulation decision



Oil Prices 2025

- Crude oil prices are trending lower, a trend that has been in place since early 2024
- Prices have declined from the low USD 90s per barrel in April 2024 to USD 64 per barrel in 2025. A continued downward trend is expected into the second quarter of 2026, with prices projected to range between USD 55 and USD 60 per barrel
- Crude oil prices have also experienced short-term volatility, with fluctuations of USD 5–10 per barrel driven by factors such as Middle East tensions, US tariffs, and sanctions on Russia

Our Operating Environment

Geopolitical Events such as US Tariffs 2025-2026 and China's Continued Dominance in Supply Chains Continue to Shape the Industry (cont'd.)

WHAT HAPPENED IN 2025?

Continued Sanctions on Russia's Supply Chains

- Russia's invasion of Ukraine has entered its fourth year, with sanctions from the US and its allies remaining in place. The US has sanctioned nearly 400 entities and individuals for supporting Russia's prosecution of the war in Ukraine
- These measures include expanded sanctions targeting entities and assets linked to the development of the Arctic LNG-2 project. For instance, in January 2025, the US sanctioned Zhoushan Wison Offshore & Marine for its involvement in the project
- This ongoing pressure aims to choke off Russia's revenue from energy exports

PETRONAS-PETROS Misalignment Persists

- On the homefront, PETROS has been gazetted by Sarawak state's Distribution of Gas Ordinance 2016, as the sole gas aggregator for Sarawak, a role previously played by PETRONAS
- This transition has created uncertainty regarding PETRONAS' role as operator of the MLNG plant in Bintulu, as well as potential implications for international LNG buyers. The MLNG complex accounts for approximately 38% of PETRONAS' total upstream and LNG asset value
- Despite reported mediation by Prime Minister Datuk Seri Anwar Ibrahim in May 2025, PETRONAS-PETROS relations have yet to improve, continuing to introduce uncertainty into Malaysia's O&G supply chain

Source: Global Crude Oil Markets Outlook Dec 2025, The US Broadens Sanctions Aug 2024, Commercial Overview Jan 2025, PETRONAS Corporate Profile Mar 2025, Reuters Oct & Dec 2025

HOW DID THIS IMPACT THE WORLD

- US influence may slow the pace of decarbonisation and energy transition initiatives in the short term
- China's dominance in ship repair and shipbuilding may prompt other shipyards to accelerate investments in automation and digitalisation to remain competitive
- Diversification of supply chains away from China is expected to create opportunities for other countries over time
- EU sanctions on Russia may caused prolonged disruptions of any LNG-related project, forcing companies to shift to other regions such as US and Qatar to reduce reliance on Russia
- The PETRONAS-PETROS issues reflecting greater state control of Sarawak over their own resources, and require more collaborative approach between state and federal to secure existing clients and maintain market stability

HOW WERE WE IMPACTED?

- MHB received many inquiries for potential jobs especially in the US due to diversification away from China supply chain
- Uncertainty in Sarawak projects due to PETRONAS-PETROS issues
- Policy changes in the US created uncertainty in offshore wind projects, with broader implications for the global offshore wind sector
- Despite the downward trend in oil prices, MHB continues to benefit from a steady pipeline of projects across both upstream and offshore wind segments

HOW DID WE RESPOND?

- MHB has been proactively exploring partnerships with other yards including site visits to certain Chinese shipyards
- In response to China dominance, MHB is advancing yard modernisation and enhancing process efficiency within Marine operations
- MHB has initiated engaging with PETROS to evaluate long-term opportunities aligned with the Sarawak Gas Roadmap, particularly in offshore developments

WHICH MATERIAL MATTERS



WHICH STAKEHOLDERS IMPACTED



OUTLOOK FOR 2026

Short-Term

- Delays in the implementation of IMO regulations may impact retrofit projects
- Regulatory uncertainty and recent policy changes in the US offshore wind sector have slowed development and investment
- Fabrication opportunities in offshore Sarawak, including Carbon Capture and Storage (CCS) and conventional energy projects, are expected to remain cautious
- MHB shall maintain a balanced portfolio in fossil fuels and energy transition projects, while continuing to explore international opportunities

Medium- to Long-Term

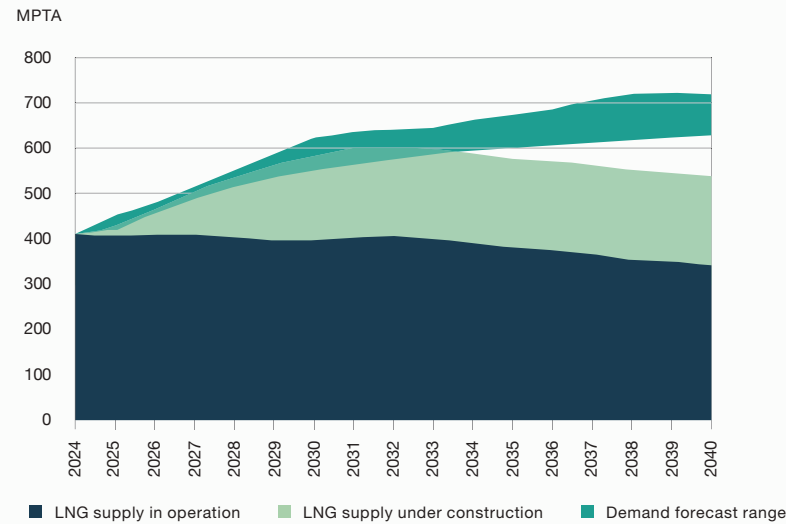
- Continued progress towards Net-Zero 2050 targets is expected to drive demand for offshore wind, hydrogen, and other low-carbon solutions, including fabrication and retrofit activities
- IMO regulations and evolving international climate frameworks will gradually shape maritime decarbonisation, despite near-term delays
- Increased investments in regions such as Japan, the US-South Korea corridor, and India are expected to diversify the global marine supply chain
- MHB shall strengthen its capabilities in offshore fabrication, ship repair, shipbuilding to remain competitive

Our Operating Environment

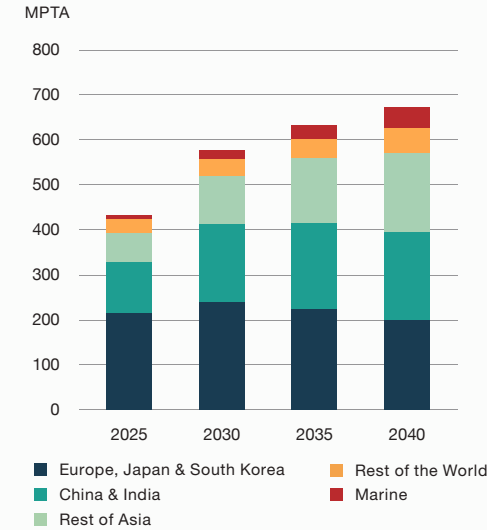
Rise in LNG Value Chain Requirements Continue to Affect MHB's Businesses Positively

WHAT HAPPENED IN 2025?

Global LNG Supply VS Demand Forecast Range



Global LNG Demand

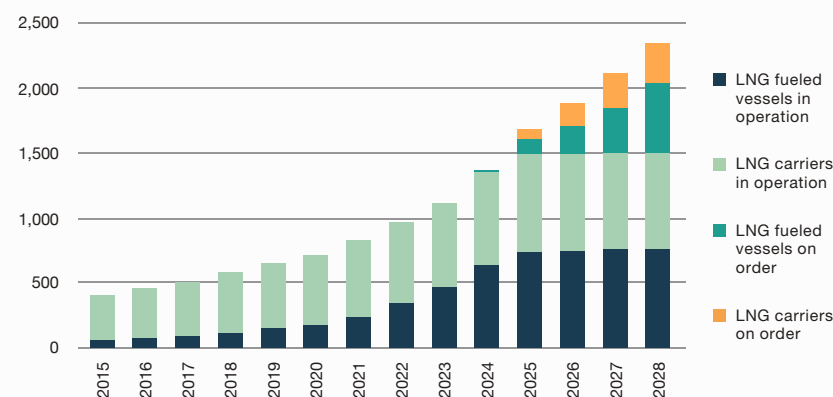


- LNG demand continued to grow in Asia, driven by energy security concerns and the shift from coal to gas
- Europe maintained elevated LNG imports due to diversifications away from pipeline gas
- New liquefaction projects reached Final Investment Decision (FID) in Qatar and the US, strengthening long-term global supply
- LNG spot prices stabilised at approximately USD 13/mmBtu, supported by European demand despite weaker Asian buying
- Continued investment in LNG-fuelled newbuilds, including LNG carriers equipped with advanced dual-fuel engines, expanded the future repairs and upgrade market

Source: Shell Feb 2025, IEA Oct 2025, Reuters March 2025, SEA-LNG July 2025

HOW DID THIS IMPACT THE WORLD

Development of LNG-Fueled Fleet Including LNG Carries



- LNG has strengthened its position as a central transition fuel, particularly for Asia's energy mix
- Rising LNG shipping volumes drove global demand for future dry docking, maintenance, and LNG-specific upgrades
- The expansion of the global LNG fleet heightened competition for newbuild and repair jobs among Asian shipyards
- LNG is increasingly being adopted as a marine fuel with environmental advantages over traditional fuels, supported by a growing order book for LNG-powered vessels

Source: DNV AFI

HOW WERE WE IMPACTED?

- Higher global LNG demand and stable import levels in Asia and Europe led to increased enquiries for LNG repairs, strengthening Marine's pipeline for LNG-related work
- Growth of dual-fuel and advanced LNG carriers raised customer expectations for specialised repair capability in cryogenic systems, reliquefaction units, and FGSS
- Increased enquiries for FSRU and FSU conversions as LNG value chain grows
- Increased enquiries for LNG-related module fabrication, particularly driven by US LNG expansion projects, including for floating facilities

HOW DID WE RESPOND?

- Strengthened LNG repair readiness through capability development in cryogenic, compressor, and reliquefaction systems
- Enhanced planning and scheduling processes to improve LNG vessel turnaround time and meet customer expectations
- Increased targeted engagement with regional LNG vessel operators to capture growing market demand
- Initiated partnership discussions with technology providers to support LNG-specific upgrades
- Establishing GUCD as an additional service to LNG client
- Strengthened technical and capacity readiness for LNG-related module fabrication opportunities, including enquiries linked to US LNG expansion projects

WHICH MATERIAL MATTERS



WHICH STAKEHOLDERS IMPACTED



OUTLOOK FOR 2026

Short-Term

- LNG vessel maintenance demand expected to remain strong as more carriers enter dry dock cycles
- Opportunity to expand LNG upgrade works (gas compressors, FGSS optimisation)
- MHB could secure higher LNG market share if turnaround times improve
- Potential early-stage module fabrication packages may materialise as US LNG expansion projects progress toward execution phases

Medium- to Long-Term

- LNG fleet expected to grow until at least 2030–2035
- MHB continues to position itself as one of the preferred LNG repair hubs in Southeast Asia
- Demand for LNG retrofits and digital optimisation (energy efficiency) will expand
- Growing investments in global LNG liquefaction and export capacity, particularly in the US, may open a sustained workstream for LNG module fabrication and create new opportunities for MHB

Our Operating Environment

Tight Yard Capacities Lead to Strong Demand of Floater Conversions

WHAT HAPPENED IN 2025?

Overview of Floater Market Forces and Their Impact on Floater Asset Owner's Pricing Power

DRIVERS

Consolidation

Owners' landscape has experienced consolidation over the last decade, resulting in few incumbent players in the market

Prices of Key Components

Since 2019, prices for key components such as materials, freight and labor rates have increased by 10-40%

Yard Capacity

Koreans are outsourcing modular components from other yards, due to tight yard capacities

Backlog of Projects

Global events such as the 2024 oil price drop and the COVID-19 pandemic have led to a project backlog, leading to current surge in demand

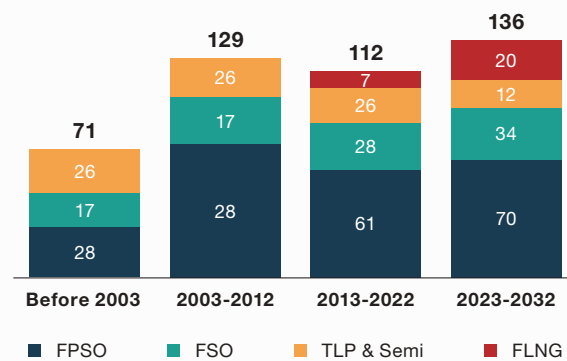
Supply Chain Disruptions

Supply chain disruptions including pandemics, geopolitical conflicts and environmental events are becoming more frequent, putting pressure on supply chains

IMPACT

Tight Supply, High Demand, Leading to Increase in Bargaining Power by Asset Owners, Against Oil Majors as Clients

Orders (cumulative) by type of floaters, pre-2003 – 2032



- The contracted lead time for the first 2025 floaters newbuilding award were estimated to be 45 months from award to sailaway
- As a result, project backlogs and constrained yard capacity limits new supply of vessels and has driven strong demand for conversions
- Conversions are expected to average five to six awards per year over the next five years, with operators eyeing projects in South America, Africa and Asia-Pacific

Source: Offshore Market & FPSO Supercycle, July 2025; FPSO Conversion & Newbuild Oct 2025

HOW DID THIS IMPACT THE WORLD

- Limited capacity at established yards is driving buyers to China, while the Middle East is emerging as a competitive conversion hub that could divert projects from China and Singapore
- Price competition in the conversions market has mostly disappeared and is unlikely to return, even with new players. As a result, costs are expected to rise amid strong market demand
- Floaters conversion demand is strong, and yards are now busier and more cautious in taking on projects
- Local content requirements might cause bottlenecks at certain locations as conversion demand is now concentrated in a few locations such as Malaysia

HOW DID THIS IMPACT THE WORLD

- Opportunity for MHB to capture the conversions market and expand its client base globally
- MHB has received many enquiries on conversion jobs globally due to limited yard capacity, and also due to diversification of supply chains away from China

HOW DID WE RESPOND?

- Strengthen core capabilities for hull conversion and topside module fabrication
- Consider and explore suitable external yards for additional capacities, if needed
- MHB is already in a position to capture these opportunities by leveraging its partnership with MISC where this partnership will undertake Engineering, Procurement, and Construction (EPC) with a focus on hull conversions

WHICH MATERIAL MATTERS



WHICH STAKEHOLDERS IMPACTED



OUTLOOK FOR 2026

- Short-Term**

 - Newbuild awards to remain low in 2026 because of volatile oil prices and tight yard capacity
 - Conversion awards will be improved 2026–2027 because there are several mid-sized projects in Mexico, Asia-Pacific and South America nearing the FID milestone
 - More conversion jobs will be diverted to Southeast Asia such as China, Singapore and Malaysia

Medium- to Long-Term

 - The newbuild market is concentrated, with the five largest buyers expected to account for nearly 70% of awards
 - Petrobras remains the largest buyers of newbuilds, likely for its prolific Brazilian fields
 - In parallel, the demand of conversion projects will continue

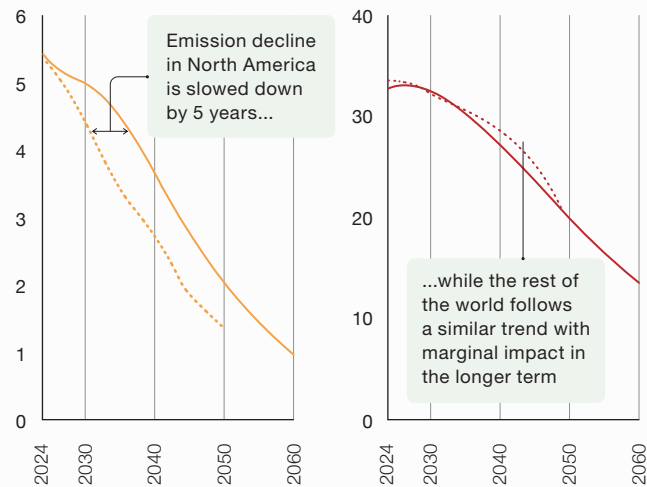
Our Operating Environment

Energy Transition Agenda is Currently Experiencing Short-Term Headwinds

WHAT HAPPENED IN 2025?

Policy reversals in the US is influencing global Energy Transition agenda in the short term

Evolution of energy-related CO₂ emissions in North America and in the rest of the world (GtCO₂/yr)



- The global energy transition continues to face significant operational, financial and regulatory challenges in the short term
- Most challenges can be traced back to the influence of President Trump's US policy changes, starting with the withdrawal of Paris Agreement and other policy actions that send political signals globally in slowing down the Energy Transition agenda
- The slowdown has resulted in a shortfall in emission reduction targets compared with 2024 forecast, particularly in the US and in other countries as well
- Recent US legislation actions scaled back or reversed tax policies for wind and solar development, while existing offshore wind permits remain under review. As a result, several companies plan to postpone US offshore wind projects beyond the current presidential term
- The Energy Transition movement will now be seen as a regional agenda, rather than a global agenda, championed in selected regions such as EU and China – at least in the shorter term
- China continues to achieve renewables expansion record in 2025 – some analysts believed that China's emissions have already peaked in 2024, and its clean technology exports are also driving global energy transition elsewhere such as EV exports
- The EU is seeking to balance climate action and competitiveness. However, hard-to-decarbonise sectors are progressing slowly, and even though renewables deployment remains strong, it is still below EU's 2030 targets

**In the US, fossil fuel promotion and the reversal of clean energy policies markedly slow the nation's transition. Emission reductions are delayed by about five years and through to 2050, annual CO₂ emissions are reset from 500 to 1,000 MT higher than predicted one year ago.*

Source: Global Power & Renewables April 2025, DNV Energy Transition Outlook 2025

HOW DID THIS IMPACT THE WORLD

- The slowdown in renewable energy investments in the US could temporarily slow global clean energy progress, especially on offshore wind
- On the other hand, companies postponing projects in the US may shift investment to other regions and create opportunities to Asia or Europe countries
- CO₂ emissions targets will have a slight shortfall from the original targets

HOW WERE WE IMPACTED?

Uncertainty in energy transition areas in which MHB is involved, including hydrogen, carbon capture and storage (CCS), and offshore wind

HOW DID WE RESPOND?

MHB shall continue to pursue energy transition projects as offshore wind, hydrogen and carbon capture and storage are important components to achieve Net-Zero 2050 agenda

WHICH MATERIAL MATTERS



WHICH STAKEHOLDERS IMPACTED



OUTLOOK FOR 2026

Short-Term

- Uncertainty in energy transition areas is expected to continue throughout President Trump's term until 2028
- MHB shall continue delivering energy transition projects such as Kasawari CCS and OSS HVDC TenneT projects

Medium- to Long-Term

- Despite short-term headwinds, the energy transition market will still continue to be part of the overall energy market
- MHB shall continue to seek opportunities relevant to its core competencies in the energy transition market

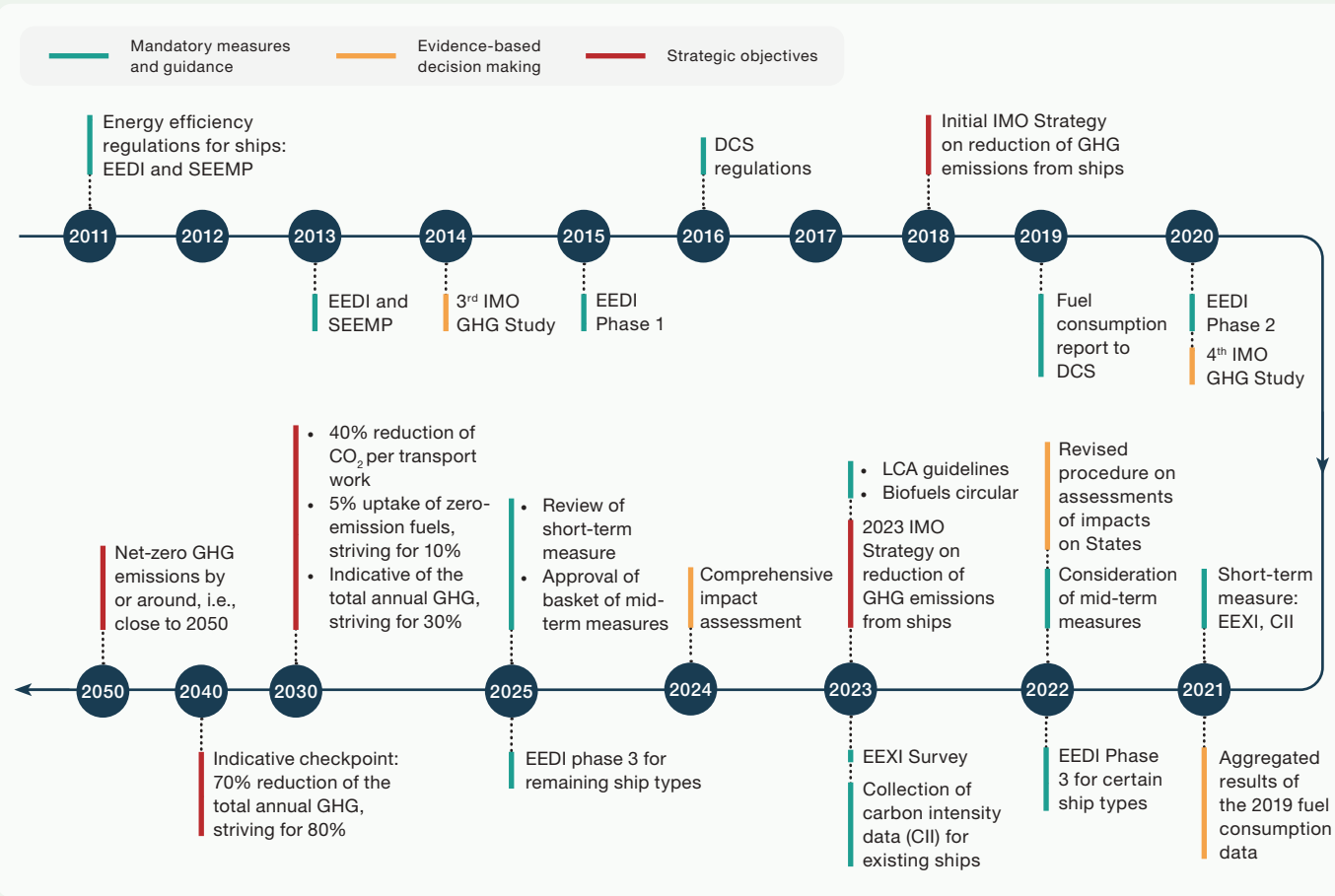
Our Operating Environment

Similarly Maritime Decarbonisation Faced Major Headwinds Due to IMO Regulatory Delay

WHAT HAPPENED IN 2025?

Addressing Climate Change

Over a decade of regulatory action to cut GHG emissions from shipping



- IMO's revised Net-Zero Framework was agreed in draft form but formal adoption is being delayed due to lack of consensus in the October 2025 vote
- Objections from major economies, including the US and several oil-producing countries, contributed to the failure of the formal adoption in the October vote
- Despite the major headwind, the EU advanced independently by expanding the EU ETS, with 70% of maritime CO₂ emissions subject to compliance in 2025
- IMO made CII mandatory from 1 Jan 2023 under MARPOL Annex VI, requiring ships ≥5,000 GT to report annual CII and receive A-E ratings, with the first ratings issued in 2024

Source: IMO Website, The Guardian Oct 2025, European Commission Website

WHICH MATERIAL MATTERS

WHICH STAKEHOLDERS IMPACTED



HOW DID THIS IMPACT THE WORLD

Compliance Strategy Description in IMO's NZF and The EU's FuelEU Maritime Regulation and EU ETS

Fuel strategies	Compliance strategies in each regulation	
	IMO NZF The case vessel operates internationally with no EU / EEA port calls.	FuelEU Maritime + EU ETS* The case vessel operates 100% between EU / EEA ports (excluding the cost for IMO NZF).
Fossil MGO	Run on fossil MGO and buy Tier 1 and Tier 2 RUs.	Run on fossil MGO, pay FuelEU Maritime penalty and buy EUAs.
Fossil MGO + blend in bio-MGO	Blend in bio-MGO to achieve Base target and buy Tier 1 RUs.	Blend in bio-MGO to achieve FuelEU Maritime requirement and buy EUAs.
Fossil LNG + blend in bio-LNG	Blend in bio-LNG to achieve Base target and buy Tier 1 RUs.	Blend in bio-LNG to achieve FuelEU Maritime requirement and buy EUAs.

Note: RU - Remedial Units, EUA - European Union Allowance, which are tradeable carbon credits

- **Maritime decarbonisation will have a regional emphasis, rather than global:** Implementation of global GHG measures progressed unevenly, with differing national interests slowing IMO consensus and leading to fragmented regulatory pacing across regions
- Regulatory cost pressures under the EU ETS drove shipowners to prioritise investments in low-GHG fuels, retrofit-ready designs, and efficiency upgrades to remain commercially viable for European routes
- IMO's base energy-efficiency regulations (EEXI / CII) will continue to influence vessel operating strategies, prompting earlier planning for retrofit cycles to avoid commercial penalties

Source: UNCTAD Sep 2025, DNV Sept 2025

HOW WERE WE IMPACTED?

HOW DID WE RESPOND?

- Different regulatory speeds between regions will lead shipowners to prioritise efficiency upgrades, especially for vessels trading into Europe
- Rising adoption of energy-efficiency measures increased demand for retrofit-ready yards capable of delivering hull, propulsion, and performance upgrades
- Growing customer need for decarbonisation support expanded expectations on shipyards to provide both technical and advisory capability

- Continue strengthened collaboration with technology providers to develop capability in decarbonisation packages on energy-saving technology
- Built readiness to undertake EEXI / CII improvement packages

OUTLOOK FOR 2026

Short-Term

Medium- to Long-Term

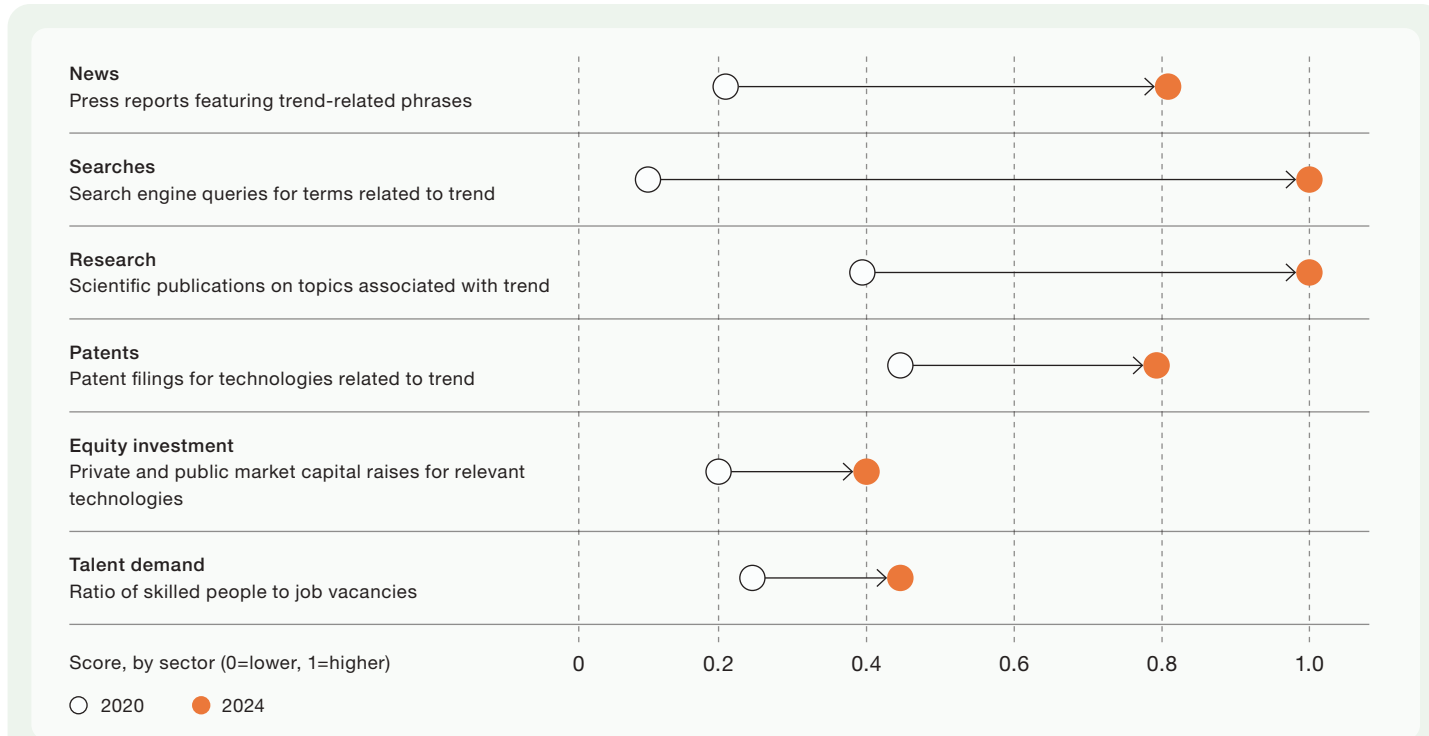
- Uncertainty in the market for energy saving retrofit as owner and operator delays decision to undertake investment decision
- While global IMO faced delays in its regulatory hurdles, the EU ETS compliance works expected to continue driving demand for efficiency retrofits for vessels with European routes
- IMO is expected to refocus on getting consensus on Net-Zero Framework in 2027
- MHB shall continue to look for retrofit opportunities with its clients

- Resolution to IMO's Net-Zero Framework will clarify the medium- to long-term outlook
- Decarbonisation will reaccelerate globally once IMO tightens measures post-2027
- MHB believes that the market for green retrofits (air lubrication systems, energy-saving devices) will expand despite regulatory delay because maritime decarbonisation is a component of Net-Zero 2050
- MHB will benefit if early positioning with technology providers is sustained

Our Operating Environment

AI Saw a Major Boost in 2025 as It Begins to Feature in Office Productivity Tools

WHAT HAPPENED IN 2025?



- Generative AI adoption accelerated globally, with 88% of organisations using AI in at least one business function
- AI adoption is rising in maritime and shipyard operations, with growing demand for AI and data-driven solutions for efficiency and planning
- Leading shipyards in Korea and Singapore have deployed AI for planning, welding automation, safety monitoring, and productivity optimisation
- Predictive maintenance and condition-based operations are increasingly enabled by digital systems with integrated sensors and analytics, improving performance optimisation in asset-intensive sectors

Source: McKinsey Jul 2025, SMM Hamburg Oct 2025, Offshore Energy Sep 2025, Smart Maritime Network Oct 2025, Seatrium Apr 2024, DNV Website

HOW DID THIS IMPACT THE WORLD

- Rapid adoption of AI and digital tools across global shipyards increased pressure for MHB to improve productivity and operational efficiency
- Clients began expecting more digital visibility and coordination in project execution, raising expectations on digital maturity
- Increasing digitalisation in yard operations reinforced the need to modernise internal processes and workforce skills

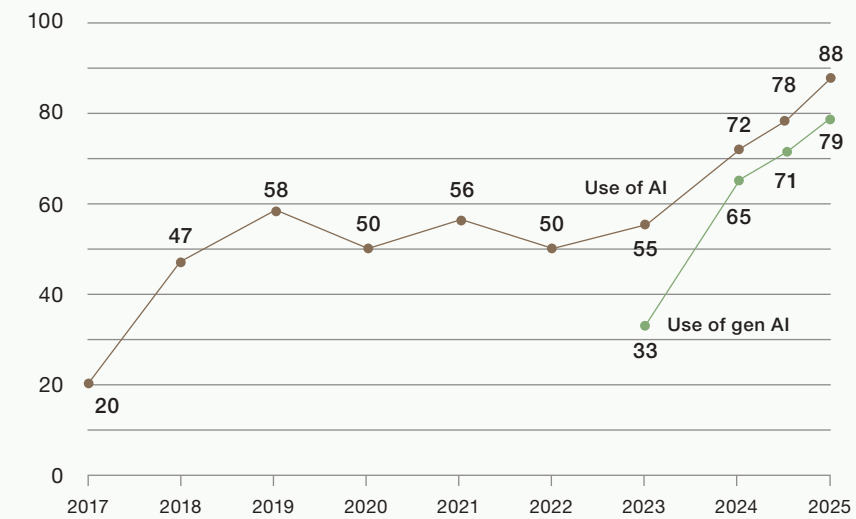
HOW DID THIS IMPACT THE WORLD

- Increased deployment of AI-enabled productivity tools are included as part of MHB's long-term investments
- Explore the use of sensors and real-time monitoring to enhance coordination and decision making across yard operations

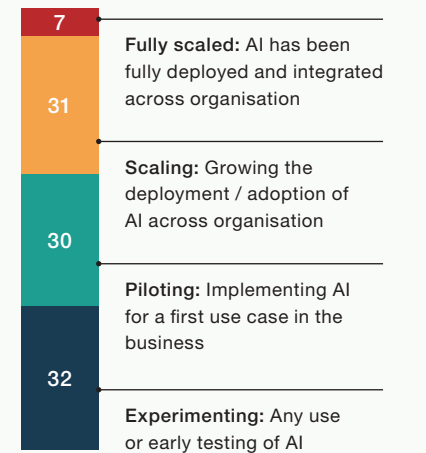
HOW DID THIS IMPACT THE WORLD

Use of AI by respondents' organisations, % of respondents

Organisations that use AI in at least 1 business function



Phase of AI use among organisations using AI in 2025



- Companies are expected to reduce administrative hours and to increase automation in standard processes
- Growing industry interest in AI and data-driven technologies among maritime stakeholders, underscoring the momentum behind digital transformation
- Shipyards adopting AI is expected to gain competitive edge in cost and process efficiencies
- Digitalisation — through Internet of Things (IoT) sensors, real-time data analytics, and automated smart systems — is enabling predictive monitoring, safety optimisation, and performance improvements across asset-intensive industries

Source: McKinsey Nov 2025, Ship Universe Mar 2025

WHICH MATERIAL MATTERS



WHICH STAKEHOLDERS IMPACTED



OUTLOOK FOR 2026

Short-Term

- AI integration into planning & scheduling will become essential
- MHB can reduce idle time and improve job sequencing using predictive models

Medium- to Long-Term

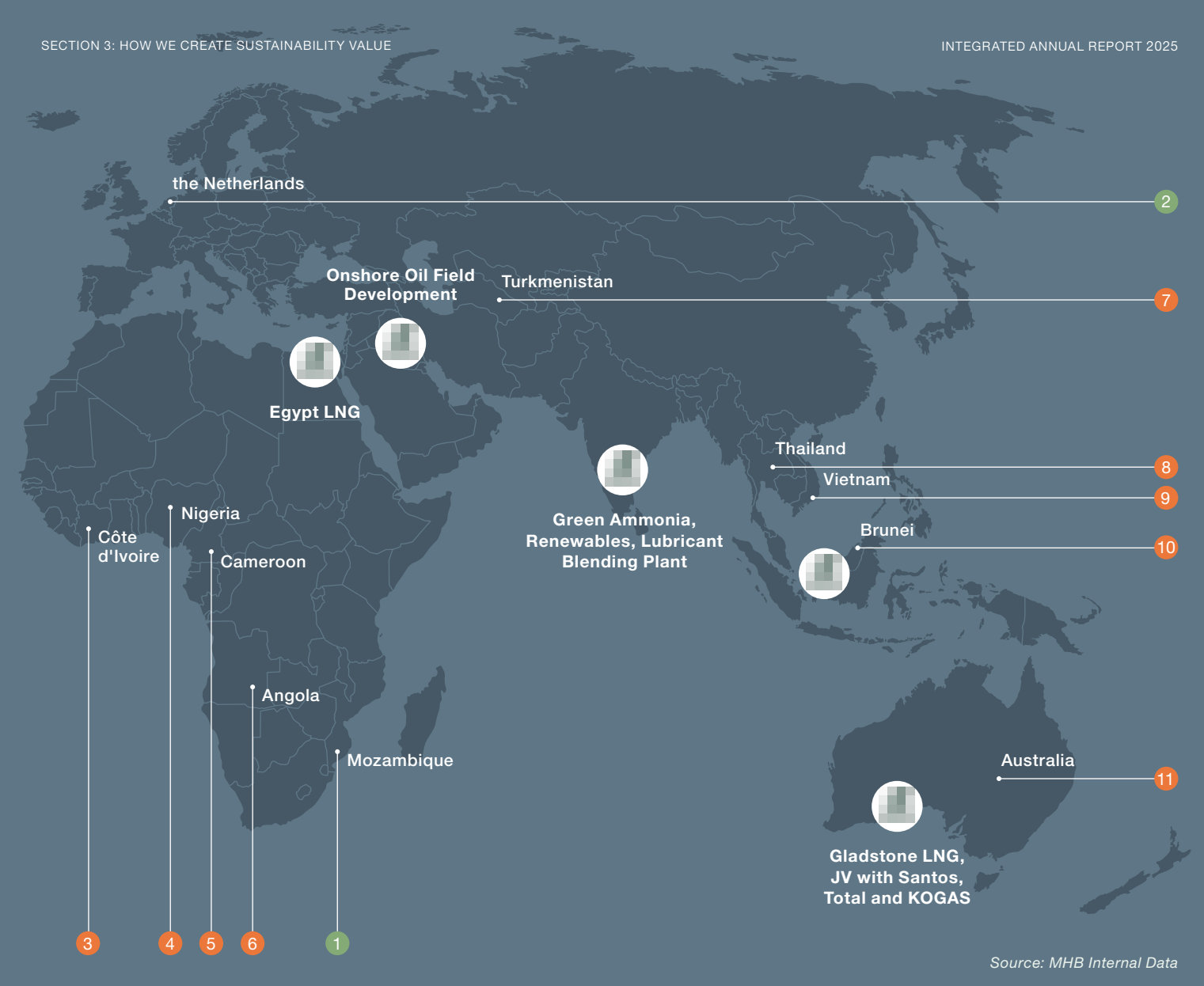
- AI-driven yards will outperform traditional shipyards significantly in cost and turnaround
- Increased use of robotics, automation, and smart asset management

Our Operating Environment

MHB Saw an Increase International Inquiries in 2025

- MHB has extensive global presence with multiple footprint across the regions
- In 2025, MHB saw an increase in international inquiries mainly due to diversification away from China supply chains
- MHB's global presence is driven by its expertise in fabricating offshore platforms for both oil and gas and energy transition projects. Over the years, MHB has delivered floaters, turrets, topsides and jackets for fixed and floating facilities worldwide
- MHB project concentration remains strongest in Southeast Asia, where MHB continues to execute fabrication works
- However, MHB's historical reach is far beyond this region, with significant past projects in Australia, West Africa and the Americas covering turrets, topside, jacket, and floaters
- In line with global shifts toward low-carbon energy, MHB is involved in energy transition project including offshore wind development for HVDC Offshore Substation (OSS) 2 in the Netherlands, and actively exploring other renewable energy opportunities
- This diversified global track record underscores MHB's ability to support conventional projects and future energy needs on a worldwide scale

● Past Project
 ● Ongoing Project
 Key International PETRONAS presence



Source: MHB Internal Data

Past Projects

<p>1 Mexico</p> <p>Type of Project: Floaters Year: 2003 Client: Pride International Services</p>	<p>2 Brazil</p> <p>Type of Projects: Turret Year: 2011, 2005, 2001 Clients: FMC SOFEC, SOFEC</p>	<p>3 Côte d'Ivoire</p> <p>Type of Project: Turret Year: 2003 Client: FMC Technologies</p>	<p>4 Nigeria</p> <p>Type of Projects: Calm Buoy, Jacket, Turret, Topside-Floaters FPSO, Topside-WHP Year: 2016, 2003, 2002 Clients: SOFEC, Technip France, Single Buoy Moorings, Inc., Saipem / ExxonMobil</p>	<p>5 Cameroon</p> <p>Type of Projects: Turret Year: 2001, 2008 Clients: FMC SOFEC, SOFEC Inc.</p>	<p>6 Angola</p> <p>Type of Projects: Turret, Topside Drill Year: 2008, 2003 Clients: FMC SOFEC, Pride International Services</p>	<p>7 Turkmenistan</p> <p>Type of Projects: Topside-Floaters, Topside-CPP Year: 2007 Client: PETRONAS Carigali</p>	<p>8 Thailand</p> <p>Type of Projects: Topside-Floaters FSO, Turret, CPP Jacket, Fixed Facilities Year: 2016, 2007, 2003, 2023 Client: MISC, SOFEC, CPOC, SBM-Imodco, CPOC 6</p>
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Ongoing Projects

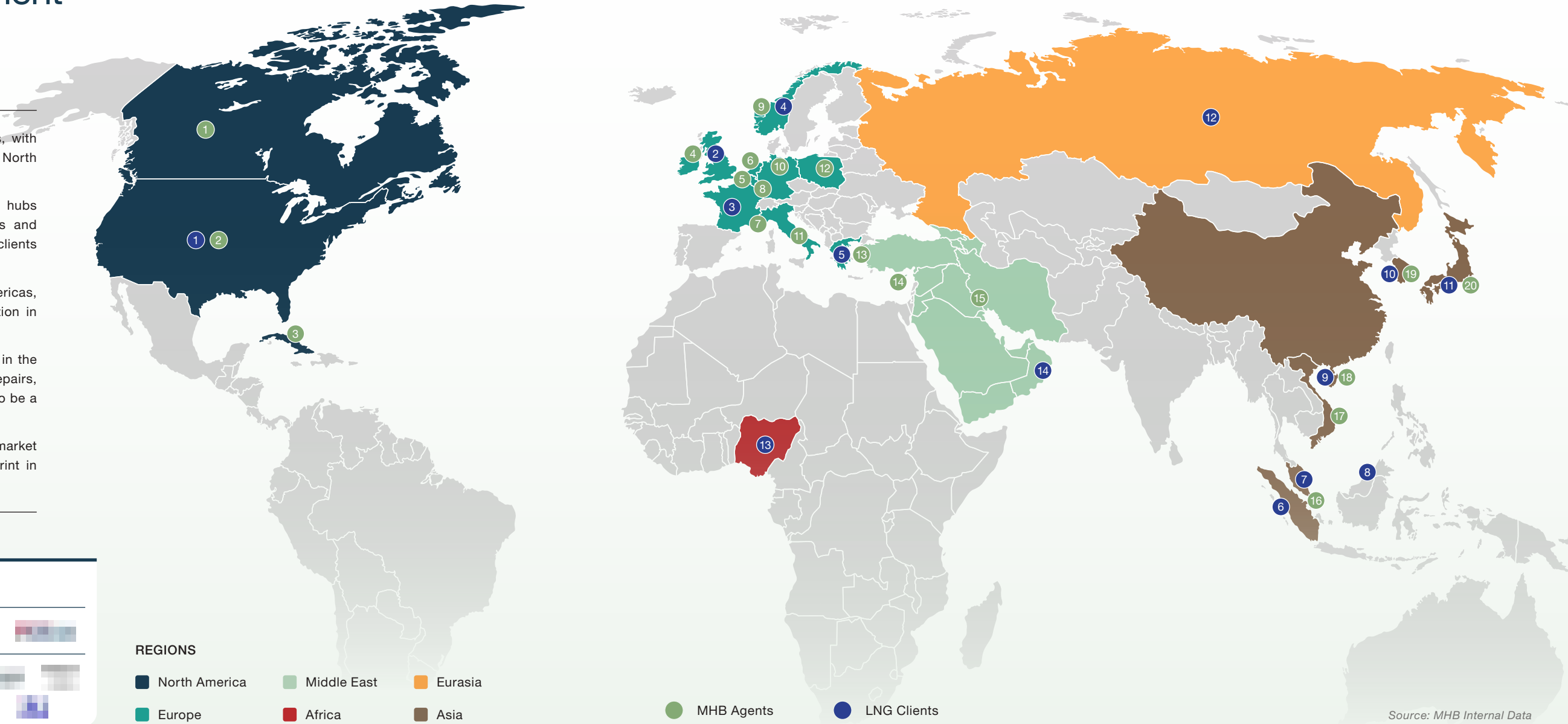
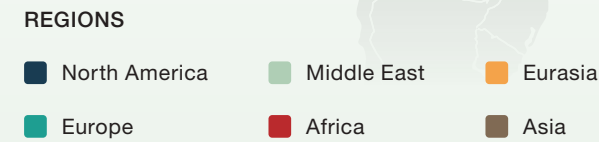
<p>9 Vietnam</p> <p>Type of Projects: Turret, Topside-Floaters FPSO Year: 2019, 2008, 2007, 2002 Clients: Promor Pte. Ltd., SBM, MISC, SOFEC Inc., Single Buoy Moorings, Inc.</p>	<p>10 Brunei</p> <p>Type of Projects: Topside-WHP & Jacket, Topside DP Year: 2003, 1999 Client: Shell Brunei</p>	<p>11 Australia</p> <p>Type of Projects: Topside, Turret, Module, Jacket Year: 2006, 2005, 2004 Clients: Woodside Energy Ltd., FMC Technologies, Technip Geoproduction</p>	<p>12 Malaysia-Thailand</p> <p>Type of Projects: Topside-WHP, Jacket, Subsea Pipeline and Hose Tie Ins Works, Topside-Module LQ Year: 2023, 2019 Clients: Carigali-PTTEPI Operating. Co, Hess Exploration & Production</p>	<p>1 Mozambique</p> <p>Type of Project: Turret Year: 2024 Client: MODEC America, Inc. (formerly known as SOFEC, Inc.)</p>	<p>2 the Netherlands</p> <p>Type of Project: OWF HVDC OSS Year: Q2 2024 Client: Larsen & Toubro / TenneT</p>
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Our Operating Environment

MHB Saw an Increase International Inquiries in 2025

- MHB has an extensive global presence in marine projects, with exposure across regions such as Asia-Pacific, Europe, and North America, indicating a strong international footprint
- The presence of MHB agents in key maritime and LNG hubs worldwide, ensures localised support for marine projects and client engagement. Their presence facilitate MHB to engage clients on a more localised basis
- Apart from that, LNG clients are distributed across Americas, Europe, Russia and Asia Pacific with a strong concentration in Southeast Asia
- The widespread presence reflects MHB's strong capability in the LNG value chain, supporting high value projects such as repairs, maintenance, conversions and strengthens MHB position to be a trusted partner in global marine ecosystem
- In the LNG market, MHB is encouraged by its recent market penetration in Greece and shall seek to expand its footprint in newer markets such as Japan

Country	Non-LNG Clients
Germany	
South Korea	
Japan	



Source: MHB Internal Data

MHB Agents

1 Canada	8 Luxembourg	15 Middle East
2 United States	9 Norway	16 Singapore
3 Bahamas	10 Germany	17 Vietnam
4 United Kingdom	11 Italy	18 Hong Kong
5 Belgium	12 Poland	19 South Korea
6 the Netherlands	13 Greece	20 Japan
7 Monaco	14 Cyprus	

Past LNG Clients

Legend	Country	Past LNG Clients
1	United States	
2	United Kingdom	
3	France	
4	Norway	
5	Greece	

Past LNG Clients

Legend	Country	Past LNG Clients
6	Indonesia	
7	Malaysia	
8	Brunei	
9	Hong Kong	
10	South Korea	

Past LNG Clients

Legend	Country	Past LNG Clients
11	Japan	
12	Russia	
13	Nigeria	
14	Oman	

Our Material Matters

At MHB, we are committed to creating sustainable value through a deep understanding of the environmental, social, and governance (ESG) factors that shape our business and stakeholders. Drawing from the outcomes of the materiality assessment conducted in the previous year, our ongoing review ensures that our sustainability initiatives remain relevant, aligned with our corporate strategy, and responsive to emerging risks and opportunities. Building on the foundation of our 2021 assessment, we have revisited and refined our material matters to reflect the evolving business landscape, regulatory requirements, and stakeholder expectations.

OUR MATERIALITY PROCESS: DATA-DRIVEN AND STAKEHOLDER-CENTRIC

Our materiality assessment followed a structured, multi-step approach to ensure a balanced, transparent, and data-driven evaluation of material matters.

Stakeholder Prioritisation

Identified key stakeholders and list of material matters. Conducted a Stakeholder Prioritisation Workshop with management.

Stakeholder Engagement & Data Collection

Internal stakeholders engaged are employees and Board of Directors while external stakeholders consist of Government / Regulators, Clients, Business Partners, Suppliers, Investors, Local Community and Academic Institutions.

Materiality Analysis & Matrix Development

Aggregated external stakeholders' input versus internal stakeholders.

Validation & Strategic Integration

Management Committee (MC) reviewed, Board Sustainability and Risk Committee (BSRC) endorsed while the Board approved the materiality matrix. Results integrated into corporate strategy and risk management framework.

MHB Materiality Matrix



Sustainability Pillars



HIGHEST

- HS Health & Safety
- PFP Project & Financial Performance
- BS Business Sustainability
- GE Governance & Ethics
- CS Customer Satisfaction
- RM Risk Management
- AIR Asset Integrity & Reliability

VERY HIGH

- HLR Human & Labour Rights
- CC Climate Change
- SC Supply Chain
- DC Digitalisation & Cybersecurity
- NRC Natural Resources & Consumption
- HC Human Capital

HIGH

- SCI Strategic Community Initiatives
- DI Diversity & Inclusion

Turning Insights into Action








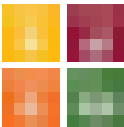










With our materiality assessment complete and a renewed understanding of what matters most to MHB and our stakeholders, we are ready to translate these insights into tangible outcomes through:







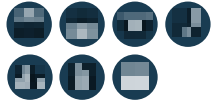


















- Enhanced Risk Management – Proactively addressing sustainability-related risks, including climate impacts on our operations
- Stronger Stakeholder Trust – Building confidence through greater transparency and accountability
- Long-Term Value Creation – Embedding sustainability into our core strategies to drive resilience and competitive advantage

Looking Forward





















As the ESG landscape continues to evolve, MHB remains committed to regularly reviewing and updating our material matters to ensure alignment with stakeholder expectations, global best practices, and regulatory developments. This iterative approach allows us to anticipate sustainability trends and deliver meaningful impact for both our stakeholders and our business.

Our Material Matters

Material Matters	Description	Strategic Focus Area	Stakeholders	UNSDGs
Health & Safety 	Setting and maintaining necessary standards of health and safety management to ensure the well-being of our employees and others who may be affected by our business activities. It is also a measure of the extent to which our workforce is actively involved in health and safety in the facilitation of a positive health and safety culture.			
Project & Financial Performance 	Prioritise monitoring and improving project and financial performance. It refers to MHB's revenue growth, volume, cost and productivity in terms of net profit generated. It also includes other financial measures which provide values through the performance of MHB as an organisation such as total shareholder value, taxes and dividends.			
Business Sustainability 	Drives our efforts in seizing new business opportunities, embarking in new businesses (i.e., low carbon products and services which include renewable energy) and being forward-looking in generating a more sustainable income for the organisation. Additionally, it also creates the ability to be on par with our stakeholders (i.e., customers) who have embarked on new businesses to ensure their business relevance and sustainability.	  		
Governance & Ethics 	Conducting business responsibly by taking into consideration ESG factors in our decision-making process, dedicating proportionate resources to health, safety and the environment, encouraging the communication of intangible value drivers such as strategy, stakeholder relationships, innovation capacity and employee development. This also includes having a clear governance structure, which provides transparency on who oversees the respective committees and the responsibilities of each committee.			

Material Matters	Description	Strategic Focus Area	Stakeholders	UNSDGs
Customer Satisfaction 	Customer satisfaction includes customer experience and satisfaction with the services delivered by MHB. Value is created through the enhancement of our brand, increasing customer retention and thus increasing the confidence of our business partners and attracting new associations.			
Risk Management 	Risk identification and management is critical to our ability to create value over time to achieve MHB's goals at the lowest cost, in the most effective manner and develop and maintain the trust and confidence of our stakeholders.			
Asset Integrity & Liability 	Proactively mitigate risks possessed by assets owned and deployed to continuously improve our operations' integrity.			
Human & Labour Rights 	Commitment to act ethically and with integrity in all our business dealings and relationships and implementing and enforcing effective systems and controls to prevent modern slavery and other human rights violations within MHB's operations and across the supply chain.			
Climate Change 	Actively reducing our environmental footprint by improving processes and capabilities to lower GHG emissions and energy use, including expanding the use of renewable energy, and strengthening our ability to capture low-carbon opportunities while mitigating climate-related risks.	 		
Supply Chain 	Working with subcontractors and vendors that operate in an economically, ethically as well as environmentally and socially responsible manner resulting in improved operational efficiencies and reductions in cost.			

Our Material Matters

Material Matters	Description	Strategic Focus Area	Stakeholders	UNSDGs
Digitalisation & Cybersecurity 	Improving our capabilities through digitalisation of our processes and securing our data via robust cybersecurity measures.			
Natural Resources & Consumption 	Managing the use of natural resources, including water and waste, to ensure efficient utilisation and minimise environmental impact. This involves optimising resource flows, reducing waste generation, and enhancing water use efficiency across our operations.			
Human Capital 	Attracting and retaining a skilled workforce requires ongoing efforts to develop employees' knowledge and capabilities, which are critical for enhancing efficiency, effectiveness and overall workplace productivity.			
Strategic Community Initiatives 	Comprehensive community initiatives to improve the quality of life of the communities within which we operate.			
Diversity & Inclusion 	MHB's commitment to fostering an inclusive and respectful workplace where all employees have the opportunity to thrive.			

Risk Linked to Creating Value

Competition Risk Risks related to competitors' strategies in the Oil & Gas (O&G), renewable energy, and marine industries.

Impacts on Value

- Limited Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) capabilities, coupled with slower adoption of new technologies and digitalisation, may restrict access to new and international markets, constrain expansion, and limit service diversification
- Slow transitioning to a low-carbon economy and technology results in the loss of low-carbon business opportunities and competitiveness
- Competitors' shipyards with stronger price competitiveness and greater technological innovation intensify market competition

Impacts on Capitals

- Financial:** Reduced revenue due to limited competitiveness, pricing pressure, and loss of bids
- Intellectual:** Limited use of new technology and digital solutions can reduce operational efficiency and hinder market competitiveness
- Human:** An uncompetitive and constrained growth environment may lead to the loss of talent to more progressive organisations and external opportunities
- Manufactured:** Under utilised or inefficient use of yard capacity and assets
- Social:** Reduced stakeholders' trust if performance deteriorates

Mitigation Strategies

- Enhance EPCIC capabilities through partnerships and collaborations with technology providers
- Enhance capability and competency in renewable energy projects to support the energy transition agenda
- Strengthen operational capabilities by adopting advanced technologies to enhance productivity and deliverable

Opportunities

- Strengthen project delivery by improving capability, timely delivery, and enhancing quality and performance
- Expansion of service scope to secure long-term relationships with clients
- Adopt new technologies and digitalisation to improve productivity and deliverables
- Exploring new market segment on Renewable Energy project

Material Topics



Stakeholders



Risk Linked to Creating Value

Financial Risk

Risk associated with balancing a strong balance sheet, liquidity, and sustainable cash flow in a volatile market for the Company.

Impacts on Value

- Inadequate, unsustainable, and volatile cash flow affecting business operations
- Volatility in foreign exchange rates may adversely affect the business's working capital
- Client payment delays or defaults expose MHB to credit risk, which negatively impacts its cash flow and profitability

Opportunities

- Regular review of cash flow management and collection strategies to identify areas for improvement and make adjustments
- Continuous assessment and evaluation of foreign exchange management strategies for each project ensures better alignment with market conditions and optimise working capital
- Strengthen cost optimisation and operational efficiency

Impacts on Capitals

- **Financial:** Inadequate cash flow can disrupt business operations and limit the Company's capacity to meet debt obligations
- **Manufactured:** Limited cash flow may restrict maintenance, upgrades, or expansion of physical assets, as well as investment in new technology
- **Human:** Limited resource allocation or reduced training budgets
- **Social / Relationship:** Strained supplier credit terms

Material Topics



Stakeholders



Mitigation Strategies

- Implementation of prudent cash management and timely collection to ensure an adequate cash reserve
- Secure additional funding to support cash flow requirements and ensure business operation continuity
- Implementation of hedging strategy to minimise foreign exchange risk

Legal and Regulatory Risk

Risk arises from poor corporate governance and irresponsible business practices, potentially resulting in reputational damage, loss of investors' confidence, and negative publicity.

Impacts on Value

- Non-compliance with critical legal and regulatory requirements areas such as sanctions, competition and trade, data privacy, export controls, ethics and integrity pose a risk of prosecution and reputational damage

Opportunities

- Strengthen the Company's reputation for good governance, fostering sustainable growth and stronger client relationships

Material Topics



Impacts on Capitals

- **Financial:** Non-compliance to critical legal and regulatory requirements areas may lead to fines, reputational damage and reduced investor confidence
- **Human:** Non-compliance may reduce employee morale, driving talent to leave and hindering the attraction of top talent, as employees increasingly seek organisations with strong ethical standards
- **Social and Relationship:** Legal and regulatory breaches can erode trust with stakeholders leading to strained client and partner relationships, lost business opportunities and increased regulatory scrutiny

Stakeholders



Mitigation Strategies

- Attest business / services units to regulatory compliance based on revised rules and legislation
- Continuous engagement with external regulators to stay updated with the current development
- Continuous employee awareness and participation ensure regular updates on legal and regulatory requirements

Risk Linked to Creating Value

Environmental Risk

Risk entails potential exposure to loss resulting from environmental degradation, regulatory non-compliance, negative impacts on ecosystems, and operational penalties.

Impacts on Value

- Business operations and activities lead to higher GHG emissions, potentially hindering the achievement of Net-Zero targets
- Improper management of scheduled waste and non-compliance with regulations may lead to penalties
- Pollution incidents could lead to operational shutdowns, penalties, and reputational damage

Opportunities

- Collaborate with strategic partners for low-carbon solutions
- Enhancing the company's branding and reputation to win global clients as well as internal and external stakeholders
- Explore business opportunities in green energy industries

Material Topics



Stakeholders



Impacts on Capitals

- **Financial:** Penalties and fines due to improper practices and non-compliance with the regulatory requirements
- **Manufactured:** Extreme weather events may damage assets, reduce the longevity of assets, incur higher maintenance costs, and may lead to operational disruptions
- **Natural:** Pollution and waste contribute to ecosystem degradation, leading to resource depletion
- **Social:** Failure to address environmental risks stemming from operational activities could damage relationships with the community, regulators, clients, and investors

Mitigation Strategies

- Implementation of initiatives to support MHB's decarbonisation strategy to reduce Scope 1 and Scope 2 emission
- Implementation of Scope 3 strategy to manage emissions throughout the value chain
- Implementation of proper schedule waste management

Health and Safety Risk

Risks related to any occurrence of major health and safety incidents that may result in injury or loss of life, potentially affecting business operations and reputation.

Impacts on Value

- Major health and safety incidents may lead to injuries or fatality
- Non-compliance with health and safety regulatory requirements could result in fines or legal action and reputational damage

Impacts on Capitals

- **Financial:** Major health and safety incidents can result in penalties and compensation
- **Human:** Injury and fatality lead to staff unavailability, loss of morale, and operational disruption
- **Social:** Health and safety failures can lead to reputational damage and loss of confidence among clients, regulators, and communities
- **Manufactured:** Operational disruptions and project delays due to stop-work orders

Mitigation Strategies

- Strengthen communication and engagement programmes on HSE-related information to foster safety consciousness and awareness
- Enhanced training modules in HSE practices for workers and contractors
- Conduct HSE audits on contractors for improvements

Opportunities

- Promote a culture that prioritises safety awareness, accountability, and continuous improvement
- Identify areas for improvement in health and safety processes
- Strengthening HSE practices enhances the Company's reputation

Material Topics



Stakeholders



Risk Linked to Creating Value

Geopolitical Risk

Risk related to the potential impact of political, legal, and economic instability, including war, sanctions, and civil unrest that may disrupt operations and hinder new business opportunities.

Impacts on Value

- Political instability, sanctions, or civil unrest can interrupt the global supply chain, which may lead to operational delays and increased costs
- Geopolitical uncertainties may disrupt the supply chain, leading to contract renegotiations and changes in terms or long-term agreements
- Trade restrictions, tariffs or sanctions may limit access to key markets, reducing growth opportunities
- Impact future business opportunities and contract awards for the oil and gas and renewable energy business segment

Opportunities

- Diversify suppliers and reduce overreliance on specific countries
- Strengthen local supply chain development
- Enhance scenario planning and geopolitical intelligence

Material Topics



Stakeholders



Impacts on Capitals

- **Financial:** Operations delay due to geopolitical uncertainties and supply chain disruption increases operating costs
- **Manufactured:** Escalation of geopolitical instability may cause disruptions in supply chains that may affect project schedules and delivery
- **Social:** Geopolitical tensions may strain partnerships and limit our ability to build or sustain trusted relationships with stakeholders

Mitigation Strategies

- Conduct risk assessments and due diligence in supporting decisions on international business engagement
- Stay updated on geopolitical developments through continuous monitoring and assessment
- Continuous monitoring of new or evolving regulations affecting project execution
- Flexible contractual terms to accommodate potential regulatory or political changes and incorporate liquidated damages provisions for any delays arising from those changes to protect MHB's interests and limit exposure
- Pursue lower-risk opportunities to reduce exposure

Technology Risk

Risk of technology failures, cyber threats, outdated systems, or slow adoption of new technologies that may disrupt operations, compromise data, reduce efficiency, or weaken competitiveness.

Impacts on Value

- Cyberattacks and illegal access to ICT infrastructure, systems, and applications may disrupt operations, compromise databases, endanger employees, and damage the company's reputation
- Outdated IT infrastructure and technology system obsolescence increase the likelihood of operational disruption due to system failure and disruption
- Inability to keep pace with digital solutions and new technology hinders competitiveness

Opportunities

- Adoption of new and advanced technologies and automation that improve productivity and efficiency, and create long-term value
- Cybersecurity awareness programmes strengthen the employees' ability to identify cyber threats

Material Topics



Stakeholders



Impacts on Capitals

- **Financial:** Cyberattacks and technology failures, such as system outages or network disruptions, causing production or service delays that may result in financial losses
- **Manufactured:** Late adoption of digital solutions and new technology systems may reduce operational efficiency and productivity
- **Intellectual:** Late adaptation and familiarisation with advanced technology may result in losing our competitive edge
- **Human:** Inadequate expertise in technology advancement among existing talent to adapt to evolving technology

Mitigation Strategies

- Enhanced network infrastructure by replacing outdated, non-compliant network switches with new units that meet cybersecurity standards
- Conduct cybersecurity audits and compliance assessments to identify vulnerabilities, mitigate risks, ensure regulatory compliance, and safeguard sensitive information
- Implementation of digital solution in procurement and vendor management activities to achieve procurement excellence

Risk Linked to Creating Value

Project Delivery Risk

Risk related to project execution that may affect schedule, cost, and quality.

Impacts on Value

- Poor project management leads to cost overruns, schedule slippage, and quality issues
- Quality non-conformance can cause project delays, reduce profitability, and damage reputation

Impacts on Capitals

- **Financial:** Poor project management and planning lead to ineffective project execution, impacting project profitability
- **Manufactured:** Inadequate management of assets and failure to maintain asset integrity may affect operational performance and project delivery
- **Intellectual:** Insufficient use of automation and digitalisation solutions in project execution may reduce productivity, efficiency and overall competitiveness
- **Social:** Non-conformance in quality and project delays may strain relationships with clients, affecting long-term trust and collaboration
- **Human:** Poor project management can lead to team burnout, low morale, and reduced productivity, affecting employee engagement and retention

Mitigation Strategies

- Enhanced training and development programmes in Project Management
- Implement microplanning to drive daily production visibility
- Implementation of centralised management to ensure optimal use of resources to increase productivity across disciplines
- Improve project execution through enhanced productivity
- Perform comprehensive project and schedule risk assessments before and after execution to minimise project risks

Opportunities

- Implementing innovative project execution processes improves overall project management efficiency and effectiveness
- Strengthen project governance and lessons learned
- Improve competitiveness through predictable project delivery
- Implement advanced risk quantification (schedule risk analysis)

Material Topics



Stakeholders



Human Capital Risk

Risks associated with attracting, retaining, and developing talents crucial for supporting the achievement of company goals.

Impacts on Value

- Inadequate capability and competency may jeopardise work deliverables
- Inability to retain and attract talent may lead to operational disruptions
- Inadequate management of employee well-being leads to employees' dissatisfaction and low productivity

Impacts on Capitals

- **Human:** Insufficient talent and high employee turnover jeopardise business operations, while gaps in employees' skills negatively impact deliverables and overall performance
- **Intellectual:** Incompetence and lack of expertise in driving digitalisation may weaken the company's competitive edge
- **Financial:** Higher hiring and training costs

Mitigation Strategies

- Built in-house capabilities and expertise through partnerships with industry leaders while enhancing training, development, and succession planning to strengthen workforce competency
- Monitoring the performance and progress of identified successors, High Performers (HiPos), and critical talent
- Implementation of a new remuneration package aligned with market standards

Opportunities

- Investing in employee development programmes can close skill gaps, enhance employee capabilities, and improve retention rates
- Improve succession planning and leadership development

Material Topics



Stakeholders



Risk Linked to Creating Value

Customer / Client Risk

Risk associated with the potential impact on the company's performance due to customer / client dependency, behaviour, financial health, satisfaction, and changing needs.

Impacts on Value

- Over-reliance on a small number of major customers increases revenue vulnerability if they change requirements, reduce volumes, or switch to competitors
- Financially weak customers increase the risk of delayed payments or defaults, which can strain cash flow and elevate credit exposure

Opportunities

- Strengthen client diversification strategy
- Improve customer experience by improving quality, on-time delivery, and reliability
- Develop long-term partnerships and repeat business

Impacts on Capitals

- **Financial:** Reduced revenue and payment defaults by clients jeopardise company profitability
- **Social:** Challenging clients affecting project delivery and operation and may strain relationships with clients, affecting long-term trust and collaboration

Material Topics



Stakeholders



Mitigation Strategies

- Perform comprehensive due diligence and risk assessment on clients before bidding for projects
- Conduct regular engagement sessions with clients to improve customer relationship management and enhance service quality and responsiveness
- Strengthen contract management to safeguard the Company's interests
- Broaden market presence to diversify customer base and to lessen reliance on one client

Supplier / Vendor Risk

Risk related to supply chain disruption and subcontractors / vendors' performance that may affect the timely delivery of materials and quality of services from vendors and subcontractors.

Impacts on Value

- Price fluctuations in raw materials and services may lead to cost overruns, reducing project profitability
- Delayed material delivery can result in a delay in project completion
- Failure of a supplier to meet its contractual obligation will impact project delivery

Opportunities

- Adopt process optimisation and digitalisation to enhance the efficiency, precision, and productivity of procurement activities
- Build a stronger, more resilient supplier ecosystem
- Develop strategic partnerships with high-performing suppliers

Impacts on Capitals

- **Financial:** Cost increases due to material price fluctuations and delays affect project delivery and reduce profitability
- **Social:** Supplier issues can strain the client-supplier relationships, affecting future collaborations and the Company's reputation
- **Manufactured:** Delays in the delivery of materials and spare parts, as well as poor-quality services, affect project execution

Material Topics



Stakeholders



Mitigation Strategies

- Streamlined material procurement during bidding and execution to ensure accurate material specifications and quantities, as well as timely delivery
- Evaluate the subcontracting strategy to opt for the most appropriate contracting model
- Conduct thorough due diligence on suppliers, vendors, and subcontractors to ensure quality, reliability, and performance
- Implementation of a risk-based solution to manage critical materials, ensuring timely delivery and minimising disruptions

Risk Linked to Creating Value

Asset Integrity Risk

Risks associated with the reliability, availability, and maintainability of assets and facilities.

Impacts on Value

- Breakdown or dysfunction of machines and assets, along with the unavailability of critical equipment, can lead to unplanned downtime and operational disruptions
- Damage to yard infrastructure leading to hazardous conditions and incidents
- Ageing assets and facilities may cause operational disruptions due to equipment breakdowns and frequent maintenance schedule

Impacts on Capitals

- **Financial:** Unplanned downtime and repair costs can erode profitability
- **Manufactured:** Ageing facilities and failure or malfunction of equipment reduce asset availability and readiness
- **Human:** Hazardous conditions and incidents resulting from damaged yard infrastructure can lead to employee injuries

Mitigation Strategies

- Implementation of preventive maintenance through the Computerised Maintenance Management System (CMMS) to ensure effective maintenance tracking and management
- Development of a structured plan for the replacement of ageing assets
- Manage equipment and spare parts inventory to prevent delays in asset or spare part replacements when needed
- Invest in capital expenditure to purchase new assets and replace ageing assets, and ensure operational reliability

Opportunities

- Effective asset management contributes to improved productivity
- Minimising service interruption will enable efficient operations and prevent both major and minor shutdowns
- Ensuring all critical assets are in good working condition will streamline project delivery
- Upgrade yard with modern, efficient, and safer assets

Material Topics



Stakeholders



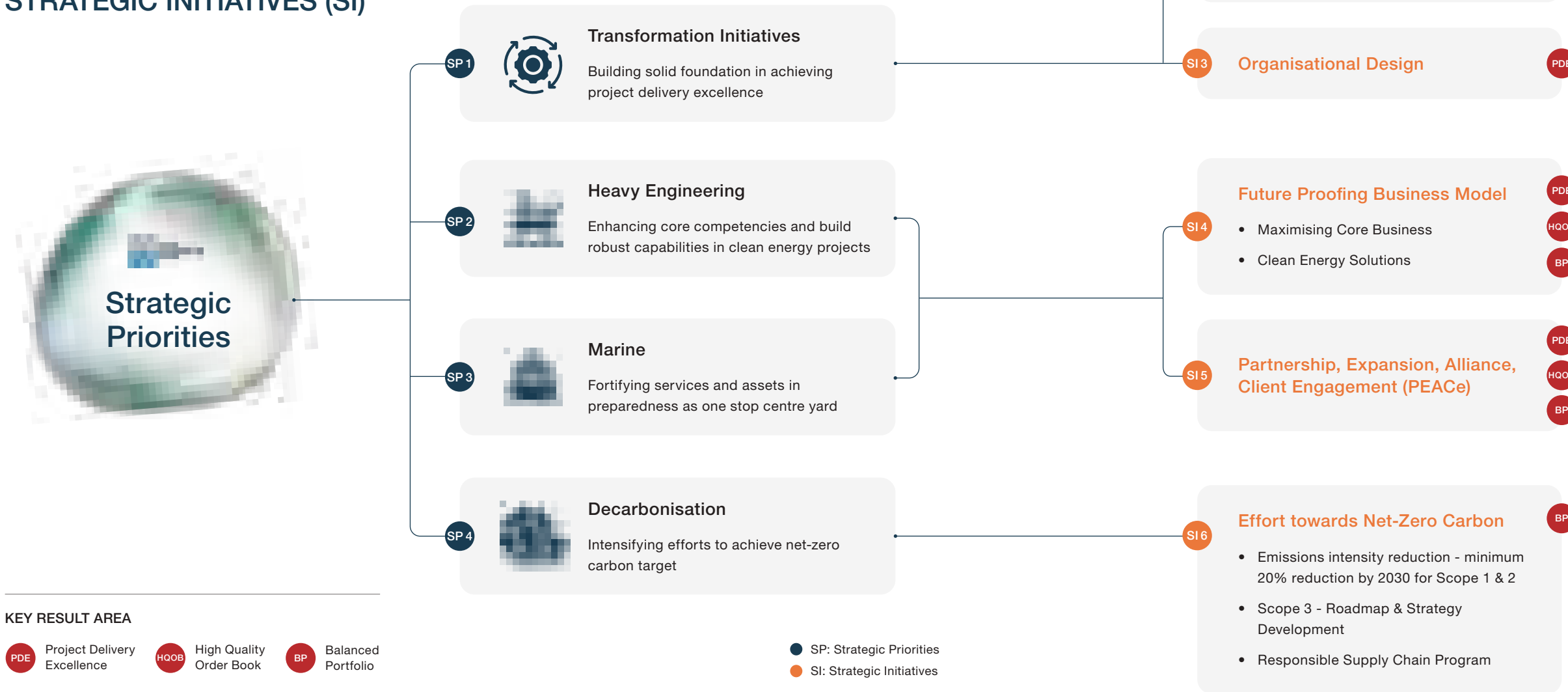
Delivering Our Strategy & its Focus

MHB remains steadfast in navigating an ever-changing business landscape with vigilance and resilience. Our strategy embodies a proactive response to the global drive for energy transition and decarbonisation.

Aligned with our vision, the MHB FY2025–2030 Strategic Focus charts a clear path toward excellence in heavy engineering project delivery and our ambition to become a premium marine yard by 2030. The MHB30 Target is guided by the strategic direction of our parent company, MISC, through its Aspiration 2030, reinforcing our commitment to industry leadership and sustainable long-term growth.

MHB FY 2025-2030

STRATEGIC PRIORITIES (SP) & STRATEGIC INITIATIVES (SI)



MHB 30 TARGET

>50% CFO Improvements

25% CFO from Clean Projects

20% Emission Intensity Reduction