



PBAHB

PBA Holdings Bhd
200001012513 (515119-U)

Memenuhi segala keperluan bekalan air anda
Meeting all your water supply needs



An Award-Winning Year

PBA Holdings Bhd **2025**
Annual Report



AN AWARD-WINNING YEAR

In 2025 and early 2026, PBAPP and PBAHB received the following 12 awards and recognitions from independent third parties:

	Dates	Accolades	Received from
1.	8.7.2025	“AAA/Stable” Rating for a RM5.0 billion Islamic Medium-term Notes (IMTN) Programme	RAM Rating Services Berhad
2.	8.7.2025	“Gold Sustainable Finance Rating” for Sustainable Finance Framework	RAM Sustainability Sdn Bhd
3.	5.8.2025	The Edge Centurion Award 2025*: “Highest Growth in Profit After Tax (PAT) over 3 years”	The Edge Media Group
4.	5.8.2025	The Edge Centurion Award 2025*: “Highest Returns to Shareholders over 3 years”	The Edge Media Group
5.	14.10.2025	“Malaysia Water Award for Management 2025” for exceptional leadership in water supply management	Malaysian Water Association (MWA)
6.	15.10.2025	“Malaysia International Water Convention 2025 (MIWC 2025) Gold Award” in the circular economy and water reuse category	MIWC 2025
7.	5.11.2025	“Best Dam Maintenance” Award: Teluk Bahang Dam	3rd International Conference on Dam Safety Management and Engineering 2025 (ICDSME 2025)
8.	12.11.2025	“ESG Select List: 3-Star Recognition” for environmental, social and governance initiatives	United Nations Global Compact Network Malaysia & Brunei (UNGCMYB)
9.	12.1.2026	Recognition under BURSA Malaysia Quality 50 Index for profitability, capital structure and earnings quality	Bursa Malaysia
10.	29.1.2026	“Forward Faster Sustainability CEO Award” for Dato’ Ir. Pathmanathan K.	UNGCMYB
11.	11.2.2026	RAM Blueprint Award 2025 for the successful RAM-rated issuance a RM5 billion issuance of a IMTN Programme with an initial rating of AAA-Stable	RAM Rating Services Berhad
12.	11.2.2026	RAM Blueprint Award 2025 for a Sustainable Finance Rating of Gold	RAM Rating Services Berhad

* Telecommunications, media & utilities category for public-listed companies with a market capitalisation below RM1 billion.

We are grateful for these validations and endorsements of the various water supply engineering, finance and ESG initiatives undertaken in 2025.

These initiatives include:

- Sustaining good water supply services in a water-stressed state during an El Niño year and avoiding water crises;
- The RM2.1 billion Water Contingency Plan 2030 (WCP 2030) to ensure continuous water supply sufficiency in Penang until Year 2030;
- The first multi-billion ringgit IMTN (sukuk) programme and sustainable finance framework by a Penang government-linked company (Penang GLC) to raise funds for projects that will further upgrade water supply services;
- The first “Zero Waste Water Recycling Project” in Malaysia to continuously harvest “supernatant water” as an additional raw water resource and recycle water treatment plant residue as a material for manufacturing cement bricks;
- Generation of 200,000 kWh of solar power per month at the Bukit Dumbar Reservoir and Pumping Station Complex;
- Leading the way in dam safety management protocols and procedures in Malaysia;
- Sustaining a strong financial performance, recording consistent operational profits and rewarding shareholders accordingly; and
- Pushing forward ESG programmes in the water supply industry that emphasise on environment-friendliness, social responsibility and operational transparency.





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HOLISTIC WATER SUPPLY MANAGEMENT

PBA Holdings Bhd.'s (PBAHB or the Company) principal subsidiary is Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP), the licensed water operator that serves the State of Penang in Malaysia.

With a land area totalling only 1,158 sq. km, Penang is a state with unlimited potential but very limited raw water resources.

Our primary business is to sustain continuous good water supply in Penang. With population growth and increasing socio-economic development, we have to employ holistic water supply management strategies.

As such, we manage both water demand and supply in a water-stressed state.

KEY CORPORATE OBJECTIVES

- Uninterrupted water supply
- Customer satisfaction
- Skilled, competent and motivated workforce
- Effective teamwork
- Timely and orderly development of water resources
- Productive utilisation of financial and other resources
- Continuous improvement in all fields
- Compliance with all relevant legislations
- Effective relations with government agencies and industrial organisations

VISION

Meeting all your water supply needs.

MISSION

Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) will be the leading organisation in water supply.

COMMITMENT

We will be environmentally sensitive, responsible, proactive, professional, innovative and committed to excellence and sustainable development.

We will be responsible for the development of water supply and delivering the best possible service by being customer-oriented.

CORE VALUES

- A**ccountability
- C**ommunication
- T**eamwork
- I**ntegrity
- O**n-Going Learning
- N**ew Ways of Improvement



WATER FOR ALL

PBAPP works to supply clean and potable tap water to all domestic and non-domestic water consumers in Penang, on a 24/7/365 basis.

However, Penang is a water-stressed state with a limited land area (1,158 km²) and limited water catchment areas (62.9 km² of precious hillside forests).

For now, we only have one primary raw water resource (Sungai Muda), and we share it with Kedah.

Climate change has affected seasonal rainfall in dam water catchment areas.

Everyone who lives and works in Penang needs water every day.

Please make it a point to use water at home and at work wisely, so that we have enough for all.

Please support our target of lowering per capita domestic consumption in Penang to 250 litres/capita/day (LCD) or less in 2026.



QUALITY POLICY

In line with its corporate objectives, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) is fully committed towards continual improvement as it strives to provide high quality services and products that will satisfy customers and other interested parties.

Accordingly, PBAPP will:

- Regularly review its business operations by carrying out appropriate business risk assessment for setting measurable Quality Objectives, which comply with good corporate governance and corporate social responsibilities, emphasis on measurable key performance and results;
- Comply with all related legislative and legal standards, requirements and laws set by the Malaysian Government;
- Continually improve and update its Quality Management System which is based on ISO 9001:2015 standard;
- Sustain a corporate culture driven by continual improvement by promoting and encouraging innovation, teamwork, diligence and creativity, as well as a proactive approach to water supply services;
- Provide the best possible training opportunities to encourage its employees to continuously upgrade their competency levels, knowledge and skills;
- Uphold its reputation as a model water supply organisation in Malaysia; and
- Ensure that all its personnel are fully committed towards promoting and implementing this quality management policy in all aspects of its operations and services.

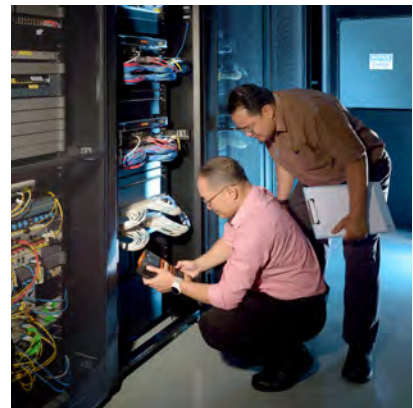


OCCUPATIONAL SAFETY & HEALTH POLICY

In line with its Corporate Objectives, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) is fully committed towards protecting, sustaining and supporting the safety & health aspect; which include the prevention of injury and ill health of its workforce.

Accordingly, PBAPP will :

- Regularly review its business operations by carrying out appropriate assessment for setting measurable Occupational Safety & Health (OSH) Objectives, which comply with good corporate governance and corporate social responsibilities, emphasis on measurable key performance and results;
- Ensure that all its business activities are conducted without compromising the safety and health of its employees, contractors, suppliers, customers and visitors;
- Promote safe and healthy work practices in all its offices, complex and installations by identifying the hazards, assessing the risks and implementing control measures;
- Eliminate hazards, prevent, reduce and avoid OSH risks, as far as possible, any workplace mishap by practicing proper procedures, implementing control and monitoring mechanisms, and conducting audits and reviews of the OSH Management System;
- Comply with all legislative, laws, legal and other requirements related to occupational safety and health;
- Constantly promote and implement the OSH Policy in all aspects of its operations and services through consultation and participation with management and employees; and
- Continually improve and update its OSH Management System and its performance which is based on ISO 45001:2018 standard.



ENVIRONMENTAL POLICY

In line with its corporate objectives, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) is fully committed towards protecting, preserving and conserving the environment while striving to meet all of Penang’s water supply needs.

Accordingly, PBAPP will:

- Regularly review its business operations by carrying out appropriate assessment for setting measurable Environmental Objectives, which comply with good corporate governance and corporate social responsibilities, emphasis on measurable key performance and results;
- Strive to conduct its operations in a manner that is in harmony with nature;
- Reduce and/or control wastage of natural water resources and consumption of energy and chemicals;
- Prevent and avoid, as far as possible, any form of pollution by practising proper procedures, implementing control and monitoring mechanisms, and conducting audit practices and reviews;
- Comply with all related obligatory requirements, environmental legislative and legal standards, requirements and laws set by the Malaysian Government;
- Ensure that all its personnel are fully committed towards promoting and implementing this environmental management policy in all aspects of its operations and services; and
- Continually improve, update and expand its Environmental Management System which is based on ISO 14001:2015 standard.



RISK MANAGEMENT POLICY

Risk management supports PBA Holdings Bhd. (“PBAHB”)’s endeavour to achieve its mission of meeting Penang’s water supply needs.

Risk management is an integral part of corporate governance. The Board shall be reasonably assured that adverse impacts arising from a risk event on the company’s objectives are mitigated and managed.

Management shall be responsible to promote a risk culture, where employees are aware of the risks and opportunities faced by the organisation.

Decision making will be enhanced by learning lessons from past activities, and adopting a pragmatic approach. This is done to manage emerging and current risks that may affect the achievement of PBAHB’s objectives. Current and future decisions can be made to reduce threats and optimise potential benefits. PBAHB acknowledges that Environment, Social and Governance (ESG) risks and opportunities may influence and impact the achievement of PBAHB’s objectives.

PBAHB has established and implemented an Enterprise Risk Management process. This enables decision makers to make informed decisions based on the risks assessed. The embedding of material ESG risks in PBAHB’s Enterprise Risk Management activities will be an ongoing process.

The objectives of Enterprise Risk Management in PBAHB are to:

- i) Continuously identify and assess risks and improve control measures, steered by clear guidelines for preventing, detecting and mitigating risks.
- ii) Maintain a continuous effort towards prioritising and managing business risks based on the likelihood of occurrence (possibility) and magnitude of impact (severity) to:
 - a) Ensure business continuity;
 - b) Minimise any unexpected damage to reputation, shareholders’ value and confidence; and
 - c) Prevent capital leakage, wastage and loss of earnings.



WHISTLEBLOWER POLICY

WHISTLEBLOWER POLICY WITHIN PBA HOLDINGS BHD GROUP OF COMPANIES

“Whistleblowing” involves the disclosure of information to the relevant authorities by specific employees (within PBAHB and its subsidiaries), vendors and the general public, who discover breaches of the securities laws or any possible serious violation of internal policies, procedures or external laws by the perpetrators, culprits or fraudsters.

The **WHISTLEBLOWER POLICY** gives protection to such persons against harassment or victimisation as a result of such disclosures. The Company has established internal procedures for handling employee concerns, to assist companies to address any shortcomings within its processes, and to facilitate good governance practices. Therefore, employees, vendors and the general public are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and malpractices at the earliest opportunity via the appropriate channel.

THE UNDERLYING FUNDAMENTALS AND RATIONALE OF THE POLICY

- i) All concerns raised will be treated fairly and properly;
- ii) The Company will not tolerate harassment or victimisation of the employees, vendors and the general public raising genuine concerns;
- iii) Any employee, vendors and the general public making a disclosure will retain anonymity unless he agrees otherwise;
- iv) The Company will ensure that the employees, vendors and the general public raising a concern is aware of who is handling the matter;
- v) The Company will ensure no employees, vendors and the general public will be at risk of suffering any form of reprisal as a result of raising a genuine concern;
- vi) To enable the Company to achieve the highest possible standards of corporate governance ethical standards;
- vii) The Company’s workforce represents a valuable source of information that can be utilised to identify a potential problem, and deal with it, before it causes potential damage to the Company’s reputation or stakeholders;
- viii) This Policy provides employees, vendors and the general public with a secure channel of reporting impropriety in the knowledge that the matter will be treated confidentially; and
- ix) An effective whistleblowing procedure will provide an open, honest and accountable culture amongst all employees, vendors and the general public where they can express their concerns, without fear of victimisation or termination of employment.

To report any incidents, please contact any of the following Company Directors who have been appointed as the Liaison Officers, via telephone, mail or email. The appointed persons will act promptly to investigate the issue:

YB Dato’ Seri Haji Zulkifli bin Long

Tel : 604-262 1957

Email : zulkifli.long@penang.gov.my

YBhg. Dato’ Brian Tan Guan Hooi

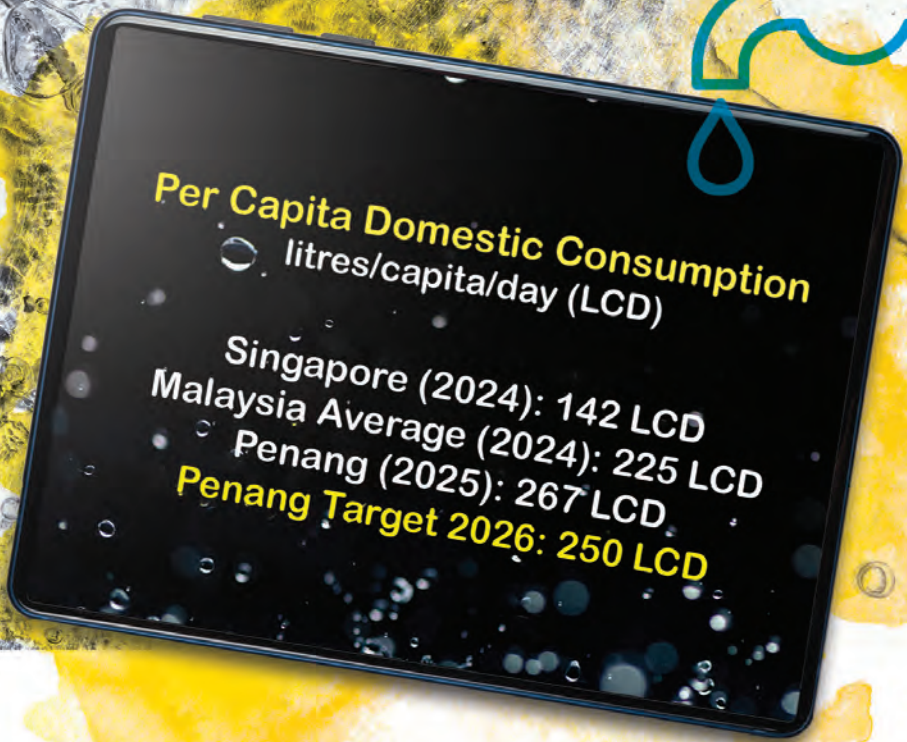
Tel : 604-399 9887

Email : brian.tanguanhooi@gmail.com

By mail :

PBA Holdings Bhd.

Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.



WATER: DEMAND IS AS IMPORTANT AS SUPPLY

Penang's average domestic water rate for the first 35m³ of domestic water supply per month is RM0.86 per m³.

1m³ is equivalent to 1,000L, and may fill about 667 large (1.5L) drinking water bottles.

RM0.86 per m³ is the lowest water rate in Malaysia. Unfortunately, the lowest water rate has resulted in the highest per capita domestic consumption statistic in Malaysia.

Water supply costs go up every year. As our population grows, more people will use more water in their homes.

PBAPP will continue to subsidise domestic water consumption in Penang. However, there is a limit to how much we can afford in terms of subsidies.

Please use less water at home. Help PBAPP to sustain reasonable water rates for you in the future.



INFORMATION SECURITY POLICY

INFORMATION SECURITY POLICY

Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) recognises the value and importance of information and Information Assets for the organisation in providing adequate clean and safe water to the state of Penang. This Policy is aimed at protection of Information Assets of Sungai Dua Water Treatment Plant (WTP) and all its supporting services which shall serve as point of reference for all other subsequent policies pertaining to Information Security and shall also act as a guide towards planning for emergency and crisis situations.

The Management of PBAPP is committed to ensuring that:

1. All Information Assets are adequately protected against unauthorised access.
2. The confidentiality, integrity, and availability of information and Information Assets are consistently maintained and safeguarded.
3. All Information Assets shall be classified appropriately, and Risk Management processes shall be conducted to identify, assess, and evaluate security risks to ensure that suitable control measures are implemented.
4. Appropriate standards, procedures, and guidelines on information security are established and maintained to support effective implementation and to define the minimum compliance requirements for all employees and third parties conducting business with Sungai Dua WTP.
5. All applicable regulatory and legislative requirements shall be complied with at all times.
6. Information security training and awareness programmes shall be made available to all staff of the Sungai Dua WTP.
7. Continual improvement of the Information Security Management System (ISMS) shall be pursued through ongoing enhancement of security initiatives and the provision of adequate resources.

Application of this Policy

1. This Policy applies to all staff of the Sungai Dua WTP and its supporting services, as well as to all information contained therein—whether owned by Sungai Dua WTP, held in custody on behalf of customers, or used by Sungai Dua WTP and its supporting services.
2. The ISMS Management Representative (ISMS MR) is responsible for establishing and overseeing information security within the Sungai Dua WTP and its supporting services. The ISMS MR shall also maintain the policy and advise on its implementation.
3. All Department Heads are directly responsible for implementing this Policy within their respective departments and ensuring their staff's compliance.
4. All employees of Sungai Dua WTP are required to comply with the Policy, as well as with all related standards, procedures, and guidelines. Any breach may result in disciplinary action.
5. All staff shall promptly report any actual or suspected information security breaches to their respective Managers for appropriate action.

CHAIRMAN'S MESSAGE



YAB TUAN CHOW KON YEOW
Chairman of PBAHB and PBAPP

Key financial results

During the year under review, PBA Holdings Bhd. (PBAHB) recorded a profit after tax (PAT) of RM114.55 million.

This PAT was primarily derived from the earnings of our principal subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP). PBAPP is the licensed water supply operator that serves the State of Penang, operating under a licence issued by the National Water Services Commission (SPAN), a Federal Government body that regulates water supply and sewerage services in Malaysia.

In 2025, PBAPP generated revenue amounting to RM483.20 million from the sale of water to all registered water consumers in Penang, representing 85.0% of PBAHB's total revenue of RM568.44 million. In comparison, PBAHB's revenue in 2024 was RM527.60 million.

However, PAT declined by 20.5% year-on-year, from RM144.17 million in 2024 to RM114.55 million in 2025. This decline is mainly due to more than 100% increase in tax expense arising from the derecognition of unutilised reinvestment allowance that had previously been recognised for Year Assessment (YA) 2020 to YA 2024. This followed a notification from the Inland Revenue Board of Malaysia that the Company's subsidiary, PBAPP, does not qualify for the reinvestment allowance under the PENJANA incentive for YA 2020 to YA 2024.

Having said that, 2025 may still be regarded as a good year for PBAHB in terms of profit. As in previous years, a high percentage of the 2025 PAT will be reinvested as capital expenditure (CAPEX) in 2026 to fund urgent infrastructure projects to ensure water supply sufficiency in Penang until 2030 and beyond.

Dividend proposal

In respect of PBAHB's financial performance in 2025, the Board of Directors is proposing a final dividend of 2.75 sen per ordinary share for approval at the forthcoming 26th PBAHB Annual General Meeting (AGM), to be held on 16th June 2026.

The proposed entitlement date is 2nd July 2026, and the dividend will be paid on 24th July 2026.

If the shareholders approve the Board's proposal, the total payout for this final dividend would be RM9.10 million.

PBAHB shareholders would then receive a total dividend proposed and declared of 5.00 sen per ordinary share for the 2025 financial year.

Kindly note that PBAHB is continuing to reward shareholders with dividends annually. 2026 will mark the 25th consecutive year in which the Company is proposing dividend payments to shareholders.



New Penang water rates from 1st July 2026

In August 2025, the Penang State Government directed PBAPP to defer the implementation of a gazetted Penang water rate review for one year.

This decision was taken in view of challenging local economic factors and uncertain global macroeconomic prospects, as well as the relatively short gap since the previous water tariff review implemented in February 2024.

From 1st July 2026, the following new water rates will be implemented in Penang:

Consumption per month	Current rate (RM/m ³)	New rate from 1 st July 2026 (RM/m ³)
1. DOMESTIC (individual meter)		
0 – 20 m ³	0.62	0.65
20 – 35m ³	1.17	1.30
More than 35m ³	2.07	2.21
Minimum charge	6.20	6.50
2. NON-DOMESTIC (individual meter)		
0 - 35m ³	1.57	1.93
More than 35m ³	2.17	2.31
Minimum charge	15.70	19.30
3. DOMESTIC (bulk meter)		
Flat rate per m ³	1.73	1.92
Minimum charge	17.30	19.20
4. HOUSES OF WORSHIP AND WELFARE ORGANISATIONS		
Flat rate per m ³	0.67	0.67
Minimum charge	6.70	6.70
5. SHIPPING		
Flat rate per m ³	7.07	8.01
Minimum charge	70.70	80.10
6. DATA CENTRES		
Flat rate per m ³	N/A	5.31
Minimum charge		53.10

In 2025, about 86% of domestic water consumers in Penang consumed 35m³ of water or less per month. As such, the maximum impact of the 2026 water rates on the majority of domestic consumers in Penang is RM2.55 per month.

It should be noted that even with the new water rates effective 1st July 2026, Penang's average domestic rate for the first 35m³ per month is still amongst the lowest in Malaysia.

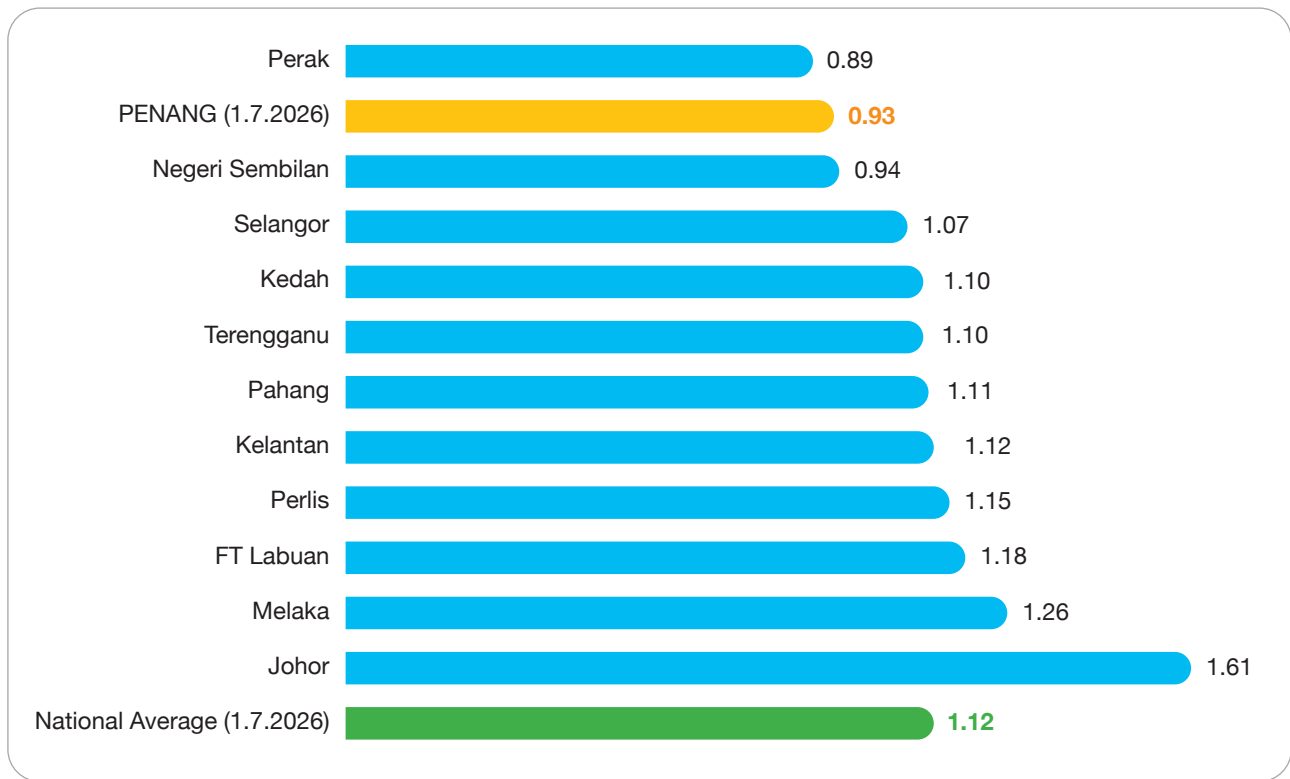
Our average domestic rate will be RM0.93 per m³ for the first 35m³ per month, as compared to the national average of RM1.12 per m³.

As for the new non-domestic rates, the average increase per m³ for the first 500m³ per month will be only RM0.15 per m³. In terms of monthly bills, the maximum impact of the 2026 water rates on non-domestic consumers who use up to 500m³ of water per month in Penang is RM77.70 per month.

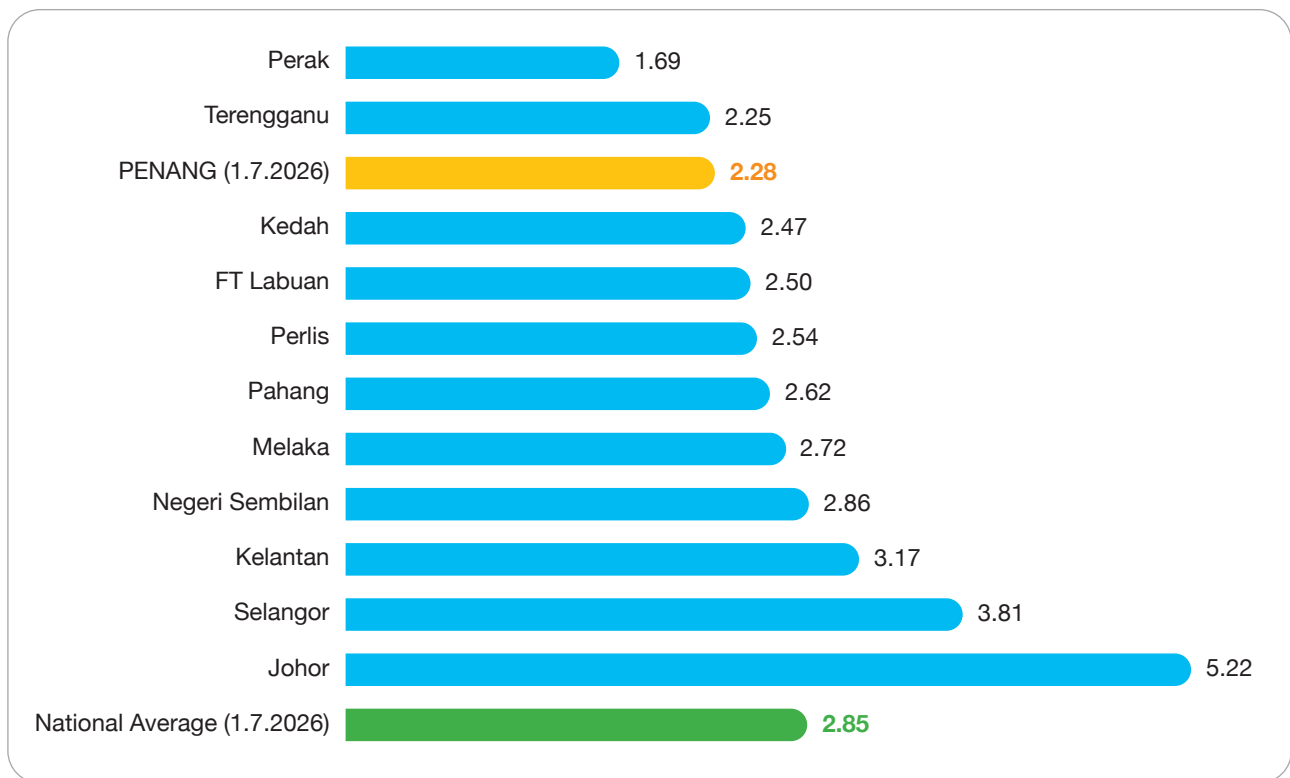
Even after 1st July 2026, Penang's average non-domestic rate will compare favourably with average non-domestic rates charged elsewhere in Malaysia.

Penang's average non-domestic rate for the first 500m³ per month will be RM2.28 per m³, while the national average is RM2.85 per m³.

Average DOMESTIC water rates (RM) for the first 35m³ per month



Average NON-DOMESTIC water rates (RM) for the first 500m³ per month



■ Penang State
 ■ Other States
 ■ National Average

Awards and milestones 2025

In 2025, PBAPP and PBAHB received a bevy of accolades, marking important milestones in its corporate history:

- **“Malaysia Water Award for Management 2025” from the Malaysian Water Association (MWA) for “Exceptional Leadership in Water Supply Management”:**

This is the most prestigious annual management award in the Malaysian water industry.

YAB Dato' Sri Haji Fadillah bin Haji Yusof, Deputy Prime Minister of Malaysia and Minister of Energy Transition and Water Transformation (PETRA), presented the award to us on 14th October 2025.

PBAPP received the 2025 award for the following key reasons:

- 1) Higher than average water supply key performance indicators (KPIs);
- 2) Six ISO accredited management systems for quality, environment, OSH (occupational safety & health), information security, water testing and water meter testing;
- 3) Data-driven public information sharing initiatives and ESG (environmental, social, governance) reporting as per Bursa Malaysia's requirements for public-listed companies (PLCs);
- 4) The RM2.1 billion WCP 2030 (Water Contingency Plan 2030): eight key water infrastructure projects to upgrade water treatment capacity by 602 MLD (million litres per day), unlock three secondary raw water resources in Seberang Perai, and increase treated water pumping capacity to Penang Island;
- 5) The “Zero Waste Water Recycling Project” (Sungai Dua Water Treatment Plant): continuous harvesting of “supernatant water” as an additional raw water resource and recycling of water treatment plant (WTP) residue as a raw material to manufacture cement bricks; and
- 6) Soft launching of a “GeoWater Real-time GIS (geographical information system)” to facilitate remote tracking, tracing and analysis of key water infrastructure, water consumption, pipeline leaks and bursts, geospatial data and GIS data feedback.





Awards and milestones 2025 (Cont'd)

• **PBA Holdings Bhd. listed in “Bursa Malaysia Quality 50 Index”**

PBA Holdings Bhd. is the first Penang State Government-linked company (Penang State GLC) to be listed in the Bursa Malaysia Quality 50 Index (BMQ) and Bursa Malaysia Quality 50 Shariah Index (BMQ-S).

The BMQ profiles top 50 (non-FBMKLCI) public listed companies (PLCs) in terms of "financial quality", as defined by :

- Profitability (return on equity);
- Capital structure (debt-to-equity ratio); and
- Earnings quality (operating cash flow relative to profit after tax and minority interest).

The BMQ-S is the shariah variant of the BMQ.

Our inclusion in the Index clearly shows that PBAHB is financially strong. We have also been delivering the right results to shareholders and adhering to responsible principles in financial management as a Malaysian PLC.

• **Two “The Edge Centurion Awards 2025” for “Highest Growth in PAT Over 3 Years” and “Highest Returns to Shareholders Over 3 Years”:**

Bestowed by one of the most respected Malaysian financial publications, these awards clearly indicate PBAHB’s achievements as a financially responsible leader in the telecommunications, media & utilities category for PLCs with a market capitalisation below RM1 billion.

YB Senator Tengku Datuk Seri Zafrul Abdul Aziz, who was then the Minister of Investment, Trade and Industry, presented the awards to us on 5th August 2025.

The key financial key performance indicators (KPIs) that won these awards may be summarised as follows:

KPIs	2022	2023	2024
PAT	RM77.1 million	RM34.3 million	RM144.2 million
Dividend	3.0 sen per ordinary share	3.5 sen per ordinary share	4.5 sen per ordinary share

Awards and milestones 2025 (Cont'd)

- **“AAA/Stable” sukuk rating from RAM Rating Services Bhd and “Gold Sustainable Finance” rating from RAM Sustainability Sdn Bhd:**

These exemplary ratings were accorded for PBAPP's inaugural RM5.0 billion Islamic Medium Term Notes (IMTN) programme and sustainable financial framework. The IMTN programme is based on the Shariah-compliant *Sukuk Wakalah* structure and enables PBAPP to tap medium-to long-term financing from Malaysian capital markets in a sustainable manner.

Incidentally, the launching of the multi-billion ringgit *sukuk* programme marks PBAPP's emergence as the first Penang State Government-linked company (Penang GLC) to successfully launch such a programme.

The funds raised will be used for the Water Contingency Plan 2030 (WCP 2030) projects, capital expenditure (CAPEX), operational expenditure (OPEX), refinancing needs and eligible green and social initiatives under the sustainable finance framework.

- **“Malaysia International Water Convention 2025 (MIWC 2025) Gold Award” in the “circular economy and water reuse” category:**

PBAPP received this award from the MIWC 2025 for its “Zero Waste Water Recycling Project” at the Sungai Dua WTP, which enables the continuous harvesting of “supernatant water” as an additional raw water resource and the recycling of WTP residue to manufacture cement bricks.

- **“ESG Select List: 3-Star Recognition” for environmental, social and governance initiatives and “Forward Faster Sustainability CEO Award” for Dato' Ir. Pathmanathan K., from UNGCMYB:**

This listing and award represent endorsements for PBAPP and PBAHB's environmental, social and governance (ESG) efforts, which are helping to propel the Malaysian water industry towards new levels of environmental friendliness, social responsibility and operational transparency.

UNGCMYB is the acronym for the United Nations Global Compact Network Malaysia & Brunei, the “local chapter” of the largest international corporate sustainability initiative in the world.

Penang has a vision to become a family-focused, green and smart state that inspires the nation. It is good to note that PBAPP and PBAHB's ESG initiatives, which were developed to support this Penang2030 vision, are being accorded due recognition by a United Nations-linked organisation.



Awards and milestones 2025 (Cont'd)

- **“Best Dam Maintenance” Award: Teluk Bahang Dam, from the 3rd International Conference on Dam Safety Management and Engineering 2025 (ICDSME 2025):**

PBAPP's management of the Teluk Bahang Dam as one of the safest functional dams in Malaysia have been recognised and acknowledged.

This 27-year-old dam, as at 2026, is being managed in accordance with three international ISO benchmarks under strict surveillance and operational protocols. PBAPP has installed piezometers, seismic sensors, 24-hour CCTV surveillance and other precision instruments to monitor dam safety. We have developed an emergency response plan.

That said, the Teluk Bahang Dam remains open to the public daily as a green and picturesque recreational area in Penang.

The 2025 awards, ratings and recognitions were received from well-known, respected and trusted organisations. At the same time, these accolades endorse different initiatives related to water supply engineering, financial management and ESG.

It is good to note that the good work of the PBAPP and PBAHB team has been independently acknowledged and recognised by external parties.

It would be safe to say that we are on the right track as we move forward to meet all of Penang's water supply needs efficiently, effectively, professionally and accountably.

Looking ahead: Perak-Penang Water Project

PBAPP is staying on course with regard to the implementation of its RM2.1 billion Water Contingency Plan 2030 (WCP 2030) to ensure water supply sufficiency in Penang until Year 2030. Work on the fourth of the eight projects under the WCP 2030 (the Mengkuang Park Water Treatment Plant) is ongoing in Seberang Perai Tengah.

On 6th November 2025, PBAPP signed a Memorandum of Understanding (MoU) with a Perak consortium comprising the Perak State Development Corporation (Perbadanan Kemajuan Negeri Perak - PKNPk) and Gamuda Berhad.

As at April 2026, the PBAHB Board is evaluating and ascertaining the long-term financial impact of a draft contract submitted by the Perak consortium as a due diligence initiative, with assistance and advice from appointed external consultants. As custodians of public interest in Penang, it is our duty to ensure that any binding contract due for signing is both rational and sustainable.

That said, we acknowledge the following key facts:

1. Penang is a water-stressed state which will inevitably need more water in the future. PBAPP cannot produce an additional 300 MLD of treated water (using conventional water treatment technology) in Penang for the future because there are no major rivers or streams left to tap.
2. The raw water resource for the PPWP is Sungai Perak in Perak, and PBAPP has no way to tap any water from Sungai Perak or Perak other than through the PPWP.
3. Under the PPWP, PBAPP does not incur any CAPEX to secure 300 MLD of treated water from 2031.

The CAPEX for sourcing raw water, building a new WTP on land in Perak, pumping the raw water to the WTP, treating the raw water at the WTP, maintaining the WTP, storing treated water in reservoirs as necessary and pumping 300 MLD of treated water to Penang, for 40 years, will be borne by the designated water supply organisation in Perak.

4. In a manner of speaking, Perak (a "water rich state") has kindly agreed to share one of its water resources with Penang (a "water-stressed state") through a mutually beneficial arrangement.

PBAPP is currently evaluating the long-term financial and operational implications of the proposed PPWP, including regulatory considerations. The project remains subject to the necessary approvals and finalisation of key commercial terms.

Acknowledgements

The record shows that 2025 was a busy year for PBAPP and PBAHB in terms of marking important milestones as we strive to achieve water supply sustainability for Penang until 2030 and beyond.

Nevertheless, it turned out to be a winning year in terms of water supply engineering, financial results and awards.

As such, I must commend and congratulate all members of the PBAPP and PBAHB team, led by Dato' Ir. Pathmanathan K., for their good work.

I would also like to thank my fellow Board Members who have played their roles well in helping to steer the Group towards a stable and sustainable future.

In closing, I would also like to acknowledge our business partners, shareholders and customers in Penang. Like 2025, we foresee that 2026 will be another busy year. We know there are still many challenges to face and issues to resolve. We will need to continue to count on your kind and continuing support, understanding and cooperation to realise another rewarding year ahead.

YAB Tuan Chow Kon Yeow

Non-Independent and Non-Executive Chairman

23 April 2026



CEO'S MESSAGE



**DATO' Ir. PATHMANATHAN A/L
KRISHNAN KUTTY RAMAN NAIR**
Group Chief Executive Officer of PBAHB and PBAPP

Growth in customer base

As at 31.12.2025, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) was supplying water to 721,066 registered water consumers in Penang.

Looking back 6 years:

- The number of registered domestic water consumers has increased by about 10.8% (60,404 consumers), from 558,721 consumers in 2020 to 619,125 consumers in 2025.
- The number of registered non-domestic consumers (primarily businesses) has increased by about 17.2% (14,943 consumers), from 86,998 consumers in 2020 to 101,941 consumers in 2025.
- The total number of registered water consumers has increased by about 11.7% (75,347 consumers), from 645,719 consumers in 2020 to 721,066 consumers in 2025.

This data reflects the impact of the following key socioeconomic developments in Penang:

1. A reported 1.5% state population increase, from 1.776 million people in 2020 to 1.803 million people in 2025.
2. A 38.7% increase in GDP per capita, from RM54,818 in 2020 to RM76,033 in 2024 (based on statistics published by the Department of Statistics Malaysia or DOSM), as related to more people being able to purchase more residential properties.
3. A 31.1% increase in GDP contribution, from RM92.7 billion in 2020 to RM121.5 billion in 2024 (based on DOSM statistics), reflecting a robust economic rebound since the Covid-19 pandemic years.

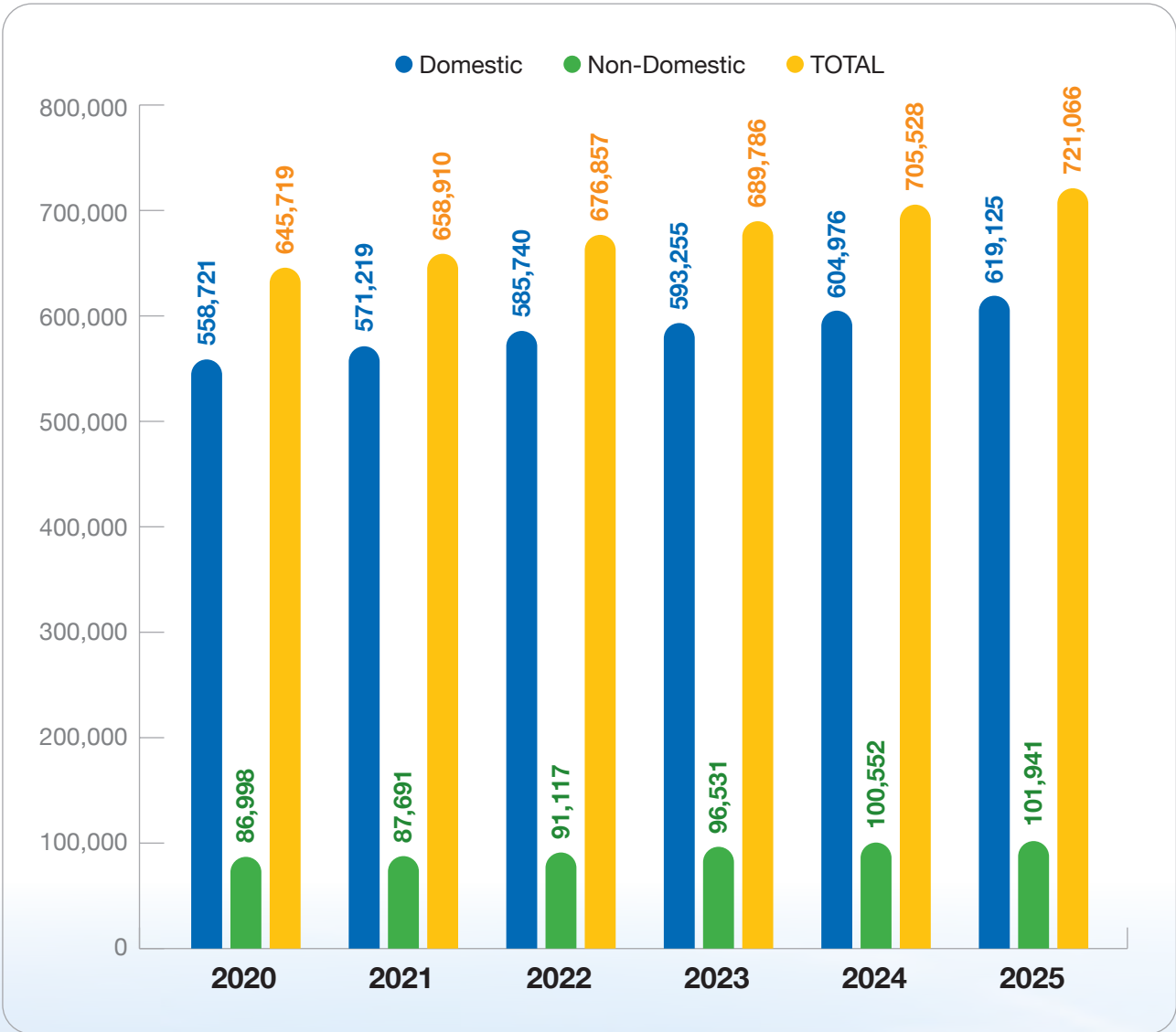
Despite a 11.7% growth in its overall customer base over the recent 6 years, PBAPP continued to sustain 100% urban and 99.8% rural supply coverage in 2025, on a 24/7 basis, except during one major scheduled water supply interruption (SWSI) in April 2025.

During the April 2025 SWSI, 23 urgent water works were successfully completed and water supply services were recovered as scheduled in stages.

The main benefit of this SWSI was the pumping of an additional 50 million litres per day (MLD) of treated water from the Sungai Dua Water Treatment Plant (WTP). The result is an improvement in water supply services for 465,000 water consumers in the service areas of the WTP.



Number of consumers served in Penang 2020 - 2025





1st “No SWSI” major pipeline connection works

On 28.1.2026, PBAPP marked a key milestone in the history of major pipeline connection works in Penang with the successful completion of the first “No SWSI” project in Seberang Perai Utara (SPU).

Through the deployment of “hot tapping” and “line stopping” technology, the second Sungai Perai River Crossing Pipeline (2nd SP-RCP) was commissioned without having to shut down a major pipeline supplying water to about 26,000 water consumers in SPU and Seberang Perai Tengah (SPT).

As such, PBAPP avoided a SWSI that would have caused inconveniences for 26,000 consumers. However, it cost about RM800,000 to complete the 2nd SP-RCP connection as compared to RM80,000 for a normal final connection with a SWSI.

The success of this first “No SWSI” pipeline connection project in Penang prompted Chief Minister YAB Tuan Chow Kon Yeow to direct PBAPP to deploy “hot tapping” and “line stopping” for all major pipeline connection works in the future, subject to the following considerations:

- Avoidance of a SWSI that may affect 20,000 water consumers or more;
- Projected work time lasting 18 hours or more;
- Major pipelines only, with diameters measuring 600mm or more; and
- Involve more than 2 or multiple pipeline connections/replacement and at different locations.

PBAPP will comply with YAB Tuan Chow’s directive. However, from an engineering perspective, implementation will also take into account practical considerations such as the location and size of the worksite. The use of “line stopping” and “hot tapping” technologies may not be suitable in densely developed or highly populated areas, particularly where space is limited or traffic conditions are heavy and congested, subject to the approval of YAB Chairman.

Key water supply KPIs 2025

In 2025, PBAPP continued to outperform key national average benchmarks in serving Penang as its licensed water supply operator, as reflected by the following key performance indicators (KPIs):

Water Supply KPIs		PBAPP 2025	National Average 2024*
1.	Population Served <ul style="list-style-type: none"> • Urban • Rural 	100.0% 99.8%	97.0% 97.0%
2.	Treated Water Production	1,208 MLD	1,344 MLD
3.	Billed Water Consumption	865 MLD	886 MLD
4.	Non-Revenue Water (NRW)	28.4%	34.3%
5.	Treated Water Reserve Margin	30.3%	14.9%
6.	Treated Water Quality	Compliance with Quality Assurance Policy (QAP) set by the Ministry of Health, Malaysia.	N.A.
7.	Water supply interruptions: Percentage of complaints to total number of water accounts	0.9%	3.2%
8.	Burst pipes/leaks: Percentage of complaints to total number of water accounts	6.2%	8.0%
9.	Billing and meter issues: Percentage of complaints to total number of water accounts	2.6%	4.3%
* Source: "SPAN Water and Sewerage Fact Book 2024" (covering 11 states and FT Labuan)			

Water consumption analysis 2025

The total billed consumption in Penang for 2025 was about 865 MLD, representing a marginal drop of about 5 MLD (or 0.6%) when compared to the 870 MLD statistics for 2024.

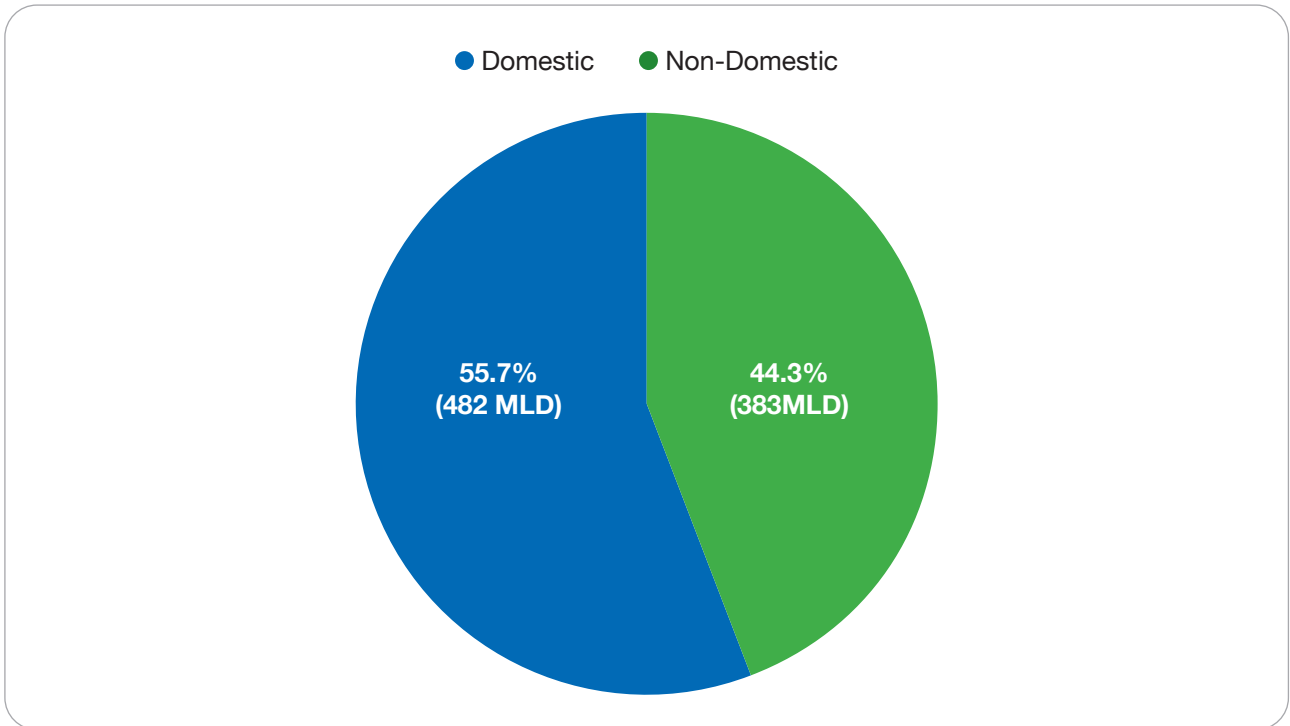
This may be regarded as a positive development because Penang is a water-stressed state with limited raw water resources and water catchment areas (WCAs), due to its relatively small land area of only 1,158 km². Lower water consumption, especially during the dry season, helps to ensure water supply sufficiency for all until rainfall arrives to replenish dam reserves.

During the year in review, PBAPP produced about 1,208 MLD of treated water for supply throughout the state. This production volume was the same as for 2024.

However, the non-revenue water (NRW) percentage for Penang increased by about 0.4%, from 28.0% in 2024 to 28.4% in 2025. This marginal increase is partly due to the April 2025 SWSI that affected about 340,000 water consumers in Seberang Perai and Penang Island.

Unscheduled water supply interruptions (UWSIs) are the other significant factor. Some of Penang's underground pipelines are prone to bursting or leaking pipelines because these pipelines have been in service for more than 50 years.

Consumption by domestic and non-domestic consumers



In 2025, domestic consumption accounted for 55.7% (482 MLD) of the total billed consumption of 865 MLD.

This means that Penangites consumed more water at home than all the businesses, factories, hotels, shopping malls, food and beverage outlets and government offices in Penang because PBAPP data shows that non-domestic consumption amounted to 383 MLD (44.3%).



Consumption by district

There are 5 districts in the State of Penang:

- Seberang Perai Utara (SPU), Seberang Perai Tengah (SPT) and Seberang Perai Selatan (SPS) on the mainland; and
- Daerah Timur Laut (DTL) and Daerah Barat Daya (DBD) on the island.

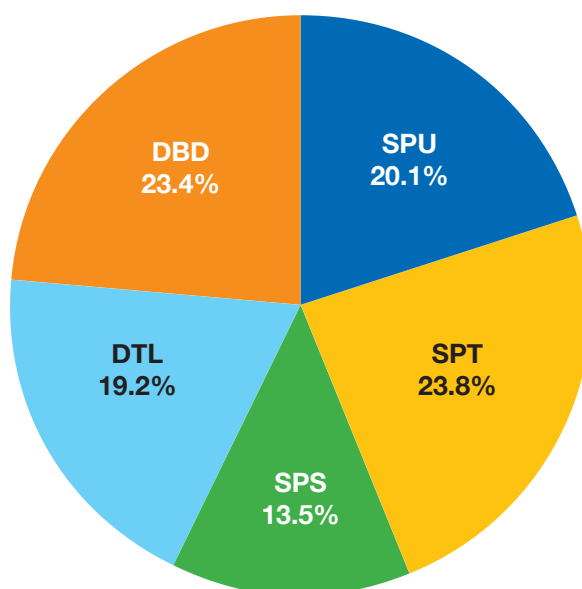
The district which recorded the highest volume of water consumption during the year in review was SPT on the mainland, followed by DBD on the island.

These 2 districts are the most industrialised districts in the State, hosting the highest numbers of multinational corporations (MNCs) and small and medium (industrial) enterprises (SMEs).

District		MLD 2025	No. of consumers 2025	Population*
1.	SPU	174	148,570	353,100
2.	SPT	206	135,852	445,200
3.	SPS	117	87,611	189,500
4.	DTL	166	187,287	565,800
5.	DBD	202	161,746	249,700
Total		865	721,066	1,803,300

* DOSM, Penang Population 2025

Percentage consumption by 5 districts of 865 MLD in 2025

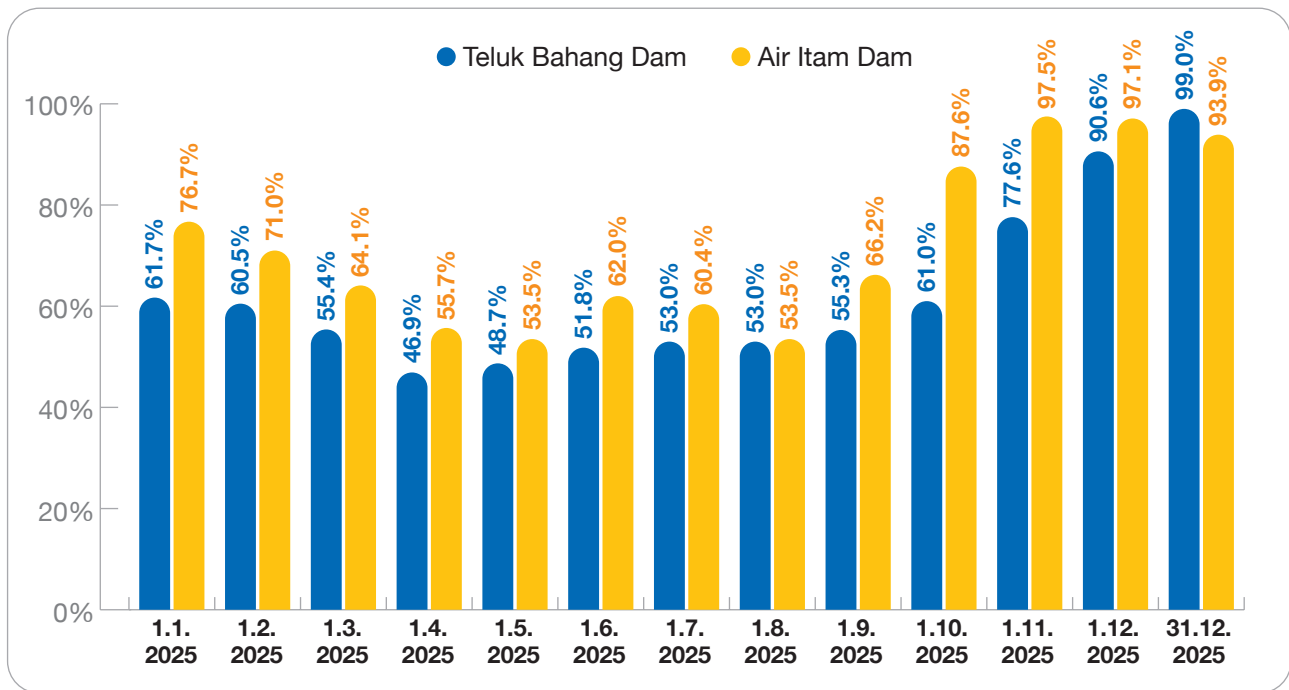


Hot and dry weather dam defence: AIDAP 2025 and D³PI 2026

At the beginning of 2025, the effective capacities of the 2 dams managed by PBAPP on Penang Island was less than optimal due to the 2024 El Niño phenomenon. On 1.2.2025, the effective capacity of the Air Itam Dam was 76.7% while the effective capacity of the Teluk Bahang Dam was 61.7%. Moreover, 2025 was another El Niño year.

Through the implementation of the Air Itam Dam Action Plan 2025 (AIDAP 2025), PBAPP worked to “defend” the reserves of this 2,159 million litre (ML) throughout the year even though the weather was hot and dry.

The following chart tracks the effective capacities of the Air Itam Dam and Teluk Bahang Dam in 2025:



The AIDAP 2025 was based on 3 key water supply engineering protocols:

1. Capping drawdowns from the Air Itam Dam to 22 MLD;
2. Pumping up to 33 MLD of treated water from the Sungai Dua WTP in SPU into the Air Itam Dam service area; and
3. Optimising treated water production at the Air Itam WTP based primarily on raw water availability from 2 other water sources (Mains Stream and Tat’s Stream).

The success of the AIDAP in 2025 has prompted PBAPP to expand its scope, with the launching of the “Double Dam Defence on Penang Island” or D³PI programme in 2026.

As mentioned earlier, PBAPP successfully completed 23 water works projects during the April 2025 SWSI to increase the treated water pumping capacity of the Sungai Dua WTP by 50 MLD.

From the beginning of the January 2026 hot and dry season, PBAPP was able to pump an average of 407 MLD of water from the Sungai Dua WTP to Penang Island under the D³PI programme.

Hot and dry weather dam defence: AIDAP 2025 and D³PI 2026 (Cont'd)

Besides defending the reserves of the Air Itam Dam, the D³PI also reaches into the fringe service areas of the Teluk Bahang Dam. The 2026 buffer zones of the D³PI includes the following neighbourhoods on the island:

- Farlim (water from Sungai Dua, Guillemard* and Air Itam WTPs)
- Gurney Drive (water from Sungai Dua and Guillemard* WTPs)
- Jalan Burma & Jalan Kelawai (water from Sungai Dua and Guillemard* WTPs)
- Jalan Masjid Negeri (water from Sungai Dua, Guillemard* and Air Itam WTPs)
- Paya Terubong (water from Sungai Dua, Guillemard* and Air Itam WTPs)
- Pulau Tikus (water from Sungai Dua and Guillemard* WTPs)

* The 18,240 ML Teluk Bahang Dam serves as one of the raw water resources for the Guillemard WTP.

Hence, with the D³PI, residents in these neighbourhoods are no longer highly dependent on raw water from the Air Itam Dam or the Teluk Bahang Dam. Now, their water supply may be said to be “safer” because they are also receiving treated water from the Sungai Dua WTP in Seberang Perai.

This new treated water distribution system has relieved some of the stress on the reserves of the 2 island dams, especially during hot and dry seasons. As a result, PBAPP will be able to defend the dams' effective capacities in more effectively in 2026.



WCP 2030 update (March 2026)

8 projects are parked under the Water Contingency Plan 2030 (WCP 2030) banner and are being undertaken in 3 phases.

Phase 1 saw the successful completion of upgrading works in 2 existing WTPs – the Bukit Panchor WTP in SPS (a new 10 MLD dissolved air flotation module) and the Sungai Dua WTP in SPU (a new 114 MLD water treatment module under Package 12A).

Phase 2 refers to the development of 4 new WTPs in Seberang Perai to increase PBAPP's water treatment capacity by a total of up to 478 MLD. Work on the first of these plants, the Mengkuang Park WTP in SPT, commenced in May 2025 and is scheduled for completion in November 2026.

1. Mengkuang Park WTP

The 114 MLD Mengkuang Park WTP will produce more treated water for supply in SPT. When operational, it will tap raw water from Penang's largest dam, the 86,400 ML Expanded Mengkuang Dam (EMD). This measure will effectively convert the status of the EMD from a "strategic drought reserve" into a "dual-purpose dam".

Although the Mengkuang Park WTP will draw down on the EMD reserves on a daily basis, PBAPP will still "reserve" a significant portion of the raw water stored in the EMD for droughts and emergency use.

The most likely emergency uses of the EMD reserves are related to Sungai Muda, Penang's primary raw water resource. If the river level is too low, the raw water is too turbid or if there is any other mishap involving Sungai Muda, the EMD will be able to provide a "back-up" drawdown of up to 600 MLD for use at the Sungai Dua WTP.

2. Sungai Kerian WTP

This new 114 MLD WTP will tap raw water from Sungai Kerian, an untapped raw water resource in SPS. Its primary objective is to produce more treated water in SPS for distribution in SPS. The Sungai Kerian WTP is scheduled for completion by 2030.

3. Sungai Perai Water Supply Scheme (with pre-treatment works)

This project will allow PBAPP to tap raw water from Sungai Perai in SPT. Due to the poor raw water quality, pre-treatment works are necessary for PBAPP to produce safe and potable treated water for distribution in SPT. The Sungai Perai Water Supply Scheme has been conceptualised to produce up to 136 MLD of treated water per day. This project is being funded and undertaken by Pengurusan Aset Air Berhad (PAAB) under a 45-year lease arrangement. It is scheduled to be completed by 2031.

4. Sungai Muda WTP

Although Sungai Muda is the primary raw resource for Penang, there is no PBAPP-managed WTP along its riverbank in SPU. At present, PBAPP abstracts water from Sungai Muda via the Lahar Tiang Intake and pumps the raw water via a 14km canal for treatment at the Sungai Dua WTP. The Sungai Muda WTP will allow PBAPP to produce an additional 114 MLD of treated water in SPU, specifically for distribution in SPU. This project is also being funded and undertaken by PAAB under a 45-year lease arrangement. It is scheduled to be completed by 2031.

Phase 3 of the WCP 2030 involves the laying of 2 dedicated pipelines, one in Seberang Perai and another on Penang Island, to further increase treated water delivery from the mainland to the island by 660 MLD.

The first pipeline is a 1,800mm pipeline that will stretch about 18km from the Sungai Dua WTP to the take-off point of the 3rd Penang Twin Submarine Pipeline (3rd PTSP) in Butterworth. The second pipeline form of a new 1,800mm x 3.9km water delivery link between the landing point of the 3rd PTSP to the Bukit Dumbar Reservoir and Pumping Station Complex on the island.

As at March 2026, PBAPP is scheduling the ground-breaking ceremonies for both pipeline projects in 2026.

Resetting the 250 per capita domestic consumption target for 2026

Per capita domestic consumption increased by 6 litres/capita/day (LCD) or 2.3%, from 261 LCD in 2024 to 267 LCD in 2025.

Lowering per capita domestic consumption is important for 3 key reasons:

- a. Penang is a water-stressed state with limited raw water resources and seemingly unlimited socioeconomic potential;
- b. PBAPP is striving hard to ensure water supply sufficiency for all until the Perak-Penang Water Project comes online in 2031 by investing a total of about RM2.1 billion in its WCP 2030 projects; and
- c. 267 LCD is significantly higher than the national average of 225 LCD in 2024, as stated by the National Water Services Commission (SPAN). In Singapore, the comparative figure for 2024 was 142 LCD.

Accordingly, PBAPP is resetting its 250 LCD domestic per capita consumption target for 2026. The 250 LCD target was originally set and promoted during the 2025 World Water Day commemoration event on 9.5.2025.

On 1.7.2026, PBAPP will introduce new Penang water rates after a one-year deferment, in compliance with a Penang State Government directive. It is hoped that this key factor will motivate more Penangites to use less water at home.

Given Penang's water supply scenario (especially during extended dry seasons), water demand management is as important as water supply management. If domestic consumption (which constituted 55.7% of total water consumption in 2025) is lowered, Penang's water-stress level will automatically be lowered accordingly.

We will do our best to promote this 250 LCD target in 2026 and get the message across to as many Penangites as possible.





Conclusion

Since PBAPP is an essential public service provider, PBAPP works around the clock, 24/7/365. Penang water rates or “prices” are regulated by SPAN. PBAPP must produce enough treated water to “sell” even when river or dams levels are running very low. At the same time, we must respond rapidly to emergencies or mishaps, regardless of costs.

There is very little margin for error when you are entrusted with the responsibility of supporting the daily lives of 1.803 million people and the operations of all the business and government organisations that generate billions of ringgit in GDP contributions annually in Penang.

And so, PBAPP and PBAHB do not ever take for granted the status of continuous water supply in our water-stressed state.

I would like to thank the PBAPP and PBAHB Teams for doing their jobs well in 2025.

There was no water crisis although our dams were not full at the beginning of an El Niño year. We managed to meet all of Penang’s water supply needs by delivering an average of 865 MLD of treated water. PBAPP’s treated water quality continued to meet the parameters of the quality assurance programme set by the Health Ministry.

We have successfully upgraded water supply operations to the extent that we may pump out an additional 80 MLD from the Sungai Dua WTP as needed. We pioneered the first “No SWSI” major pipeline connection project in Penang. The WCP 2030 is progressing relatively well.

Our operations led to profit after tax of RM114.549 million and we launched a RM5.0 billion *sukuk* programme with the highest “AAA/Stable” rating from RAM Ratings Berhad.

It turned out to be a good year in serving Penang under the leadership of our Chairman with guidance from the Boards of Directors. Thank you for keeping PBAPP and PBAHB on course as we worked to ensure the well-being of water supply services in Penang, for the benefit of Penang.

I would also like to thank all our business partners and stakeholders for their support; and all our customers for their kind understanding, support and cooperation during the year in review.

Dato’ Ir. Pathmanathan K.

Group Chief Executive Officer of PBAHB and PBAPP

23 April 2026

CEO'S PROFILE

DATO' Ir. PATHMANATHAN A/L KRISHNAN KUTTY RAMAN NAIR

Dato' Ir. Pathmanathan A/L Krishnan Kutty Raman Nair, aged 57, male, a Malaysian citizen, was appointed as PBAHB Group Chief Executive Officer on 8 November 2022. Prior to the appointment, he was the Chief Operating Officer from 1 October 2020 till 7 November 2022.

Dato' Ir. Pathmanathan K. holds a Master's Degree in Highway & Transportation Engineering from Universiti Putra Malaysia and a Bachelor's Degree in Civil Engineering from Universiti Teknologi Malaysia.

He started his career in 1995 with Ganendra, Ahmad & Associates as a Civil and Structural Designer and had served many major Civil and Structural Consulting firms. His role was from feasibility studies to project final implementation, mainly infrastructure works consisting of site development, water intake, water mains, distribution, wastewater treatment plant, complex irrigation system, pumping station, building and reservoir structural works. He is also well verse in contract administration.

Subsequently, in 2006, after obtaining his Professional Engineer status from the Board of Engineers Malaysia, he joined as a Partner with Mudajaya Jurutera in 2007 before joining PBA Holdings Bhd.

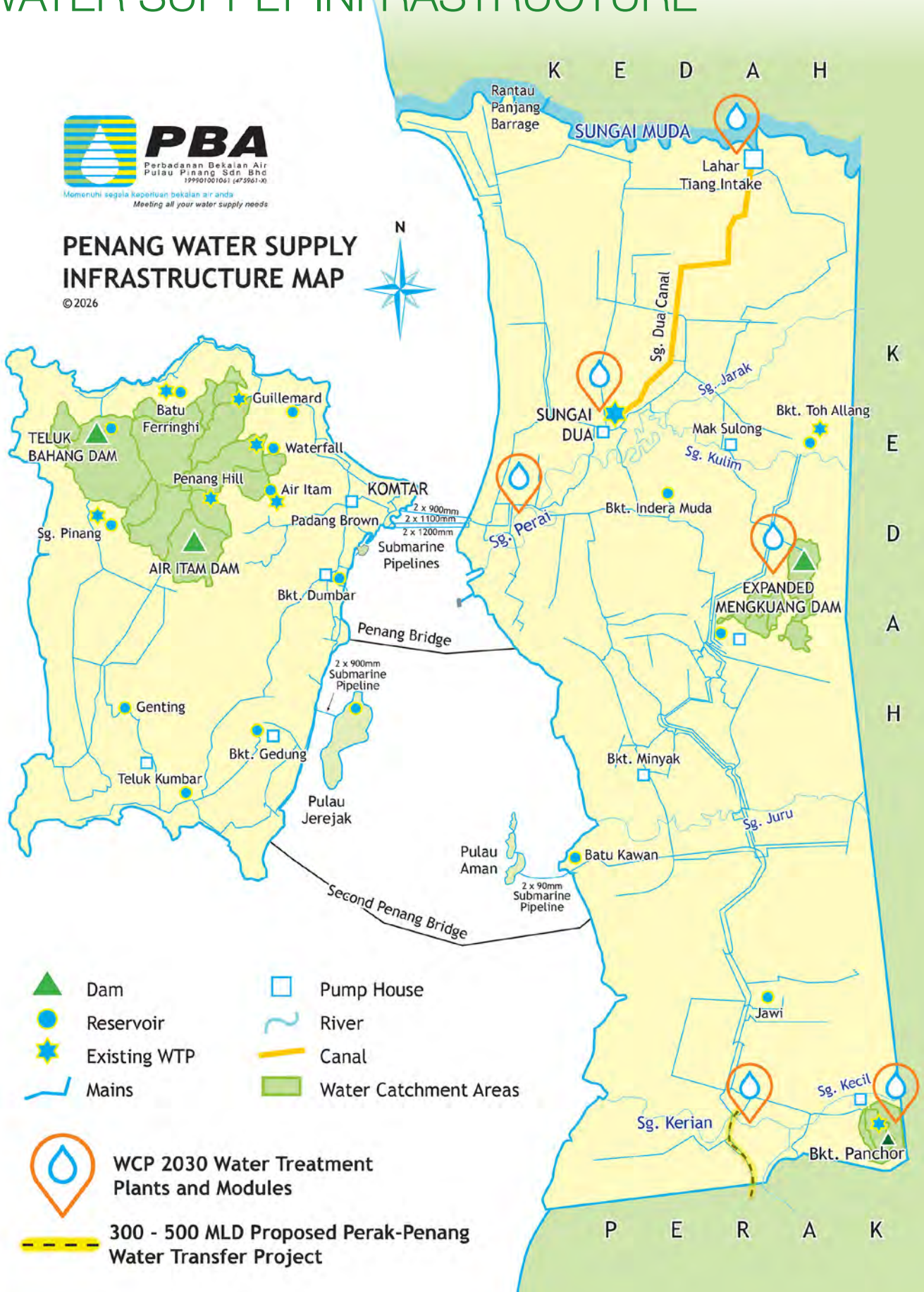
He does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2025.



PENANG STATE WATER SUPPLY INFRASTRUCTURE



**PENANG WATER SUPPLY
INFRASTRUCTURE MAP**
© 2026



CORPORATE INFORMATION



PBA Holdings Bhd.
Registration No. 200001012513 (515119-U)

BOARD OF DIRECTORS

- **YAB Tuan Chow Kon Yeow**
(Non-Independent and Non-Executive Chairman)
- **YB Dato' Dr. Mohamad bin Abdul Hamid**
(Non-Independent and Non-Executive Deputy Chairman)
- **YB Dato' Seri Haji Zulkifli bin Long**
(Non-Independent and Non-Executive Director)
- **YB Dato' Haji Zairi bin Haji Mat Ali**
(Non-Independent and Non-Executive Director)
(Appointed on 1 April 2026)
- **YB Tuan Zairil Khir Johari**
(Non-Independent and Non-Executive Director)
- **Tuan Haji Fadzil bin Hj. Abdullah**
(Non-Independent and Non-Executive Director)
- **YBhg. Dato' Agatha Foo Tet Sin**
(Non-Independent and Non-Executive Director)
- **YBhg. Dato' Brian Tan Guan Hooi**
(Independent and Non-Executive Director)
- **Encik Lim Eng Huat**
(Independent and Non-Executive Director)
- **Puan Nor Hatina binti Md Salleh**
(Independent and Non-Executive Director)
- **Cik Lim Seang Lee**
(Independent and Non-Executive Director)
- **YM Raja Azmi bin Raja Nazuddin**
(Independent and Non-Executive Director)
(Appointed on 13 October 2025)
- **YBhg. Dato' Ir. Sabri bin Abdul Mulok**
(Independent and Non-Executive Director)
(Appointed on 21 January 2026)



**PERBADANAN BEKALAN AIR
PULAU PINANG SDN. BHD.**
Registration No. 199901001061 (475961-X)

BOARD OF DIRECTORS

- **YAB Tuan Chow Kon Yeow**
(Non-Executive Chairman)
- **YB Dato' Dr. Mohamad bin Abdul Hamid**
(Non-Executive Deputy Chairman)
- **YB Tuan Jagdeep Singh Deo a/l Karpal Singh**
(Non-Executive Director)
- **YB Dato' Seri Haji Zulkifli bin Long**
(Non-Executive Director)
- **YB Dato' Haji Zairi bin Haji Mat Ali**
(Non-Executive Director)
(Appointed on 1 April 2026)
- **YB Tuan Zairil Khir Johari**
(Non-Executive Director)
- **YB Tuan Gooi Hsiao-Leung**
(Non-Executive Director)
- **YB Dato' Haji Rashidi bin Zinol**
(Non-Executive Director)
- **YB Tuan Teh Lai Heng**
(Non-Executive Director)
- **YB Cik Tan Hooi Peng**
(Non-Executive Director)



PBA RESOURCES SDN. BHD.
Registration No. 200701041648 (799680-A)

BOARD OF DIRECTORS

- **YBhg. Dato' Ir. Pathmanathan a/l Krishnan Kutty Raman Nair**
- **YBhg. Dato' Mohammad Zulkifli bin Abdul Hamid**



PBA GREEN TECHNOLOGY SDN. BHD.
Registration No. 201801045265 (1307297-U)

BOARD OF DIRECTORS

- **YBhg. Dato' Ir. Pathmanathan a/l Krishnan Kutty Raman Nair**
- **Dr. Mary Ann Harris**

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689) (SSM PC NO. 201908002648)

Low Seow Wei
(MAICSA 7053500) (SSM PC NO. 202008000437)

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Fax : (604) 238 2222

PRINCIPAL BANKER

Malayan Banking Berhad, Pulau Pinang

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Utilities)
Stock Name : PBA
Stock Code : 5041

CORPORATE STRUCTURE



● 100% *water supply in Penang*



● 100% *management company* ————— *water supply training*

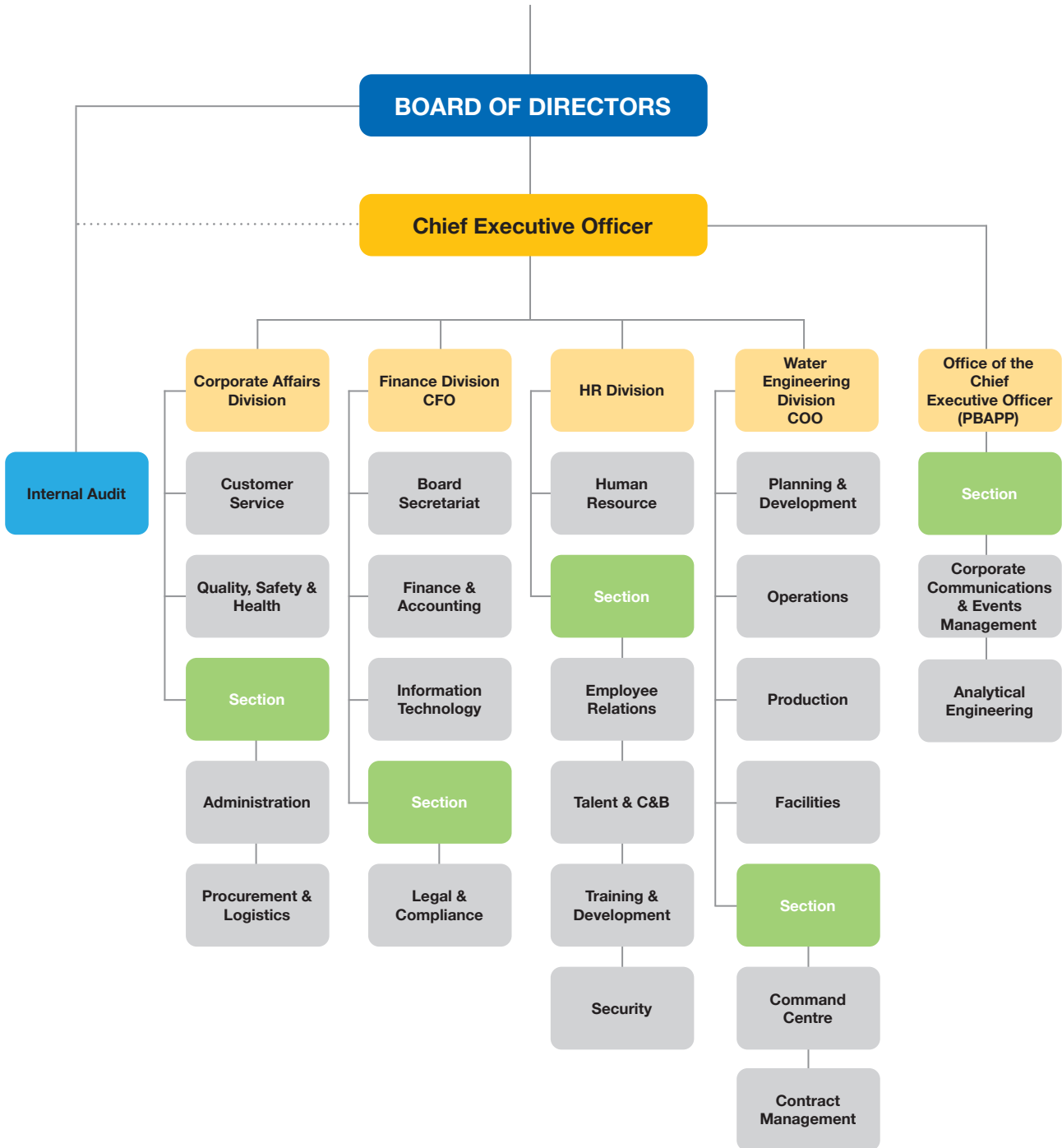


● 100% *renewable energy*



PBAPP

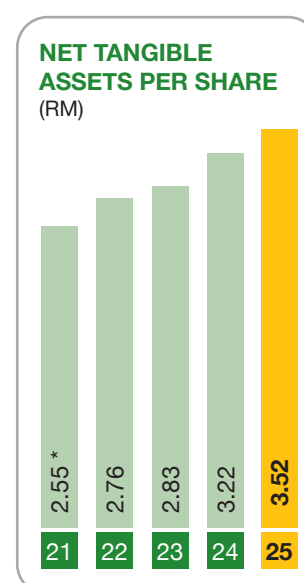
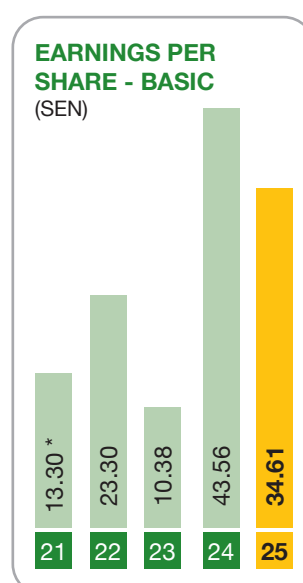
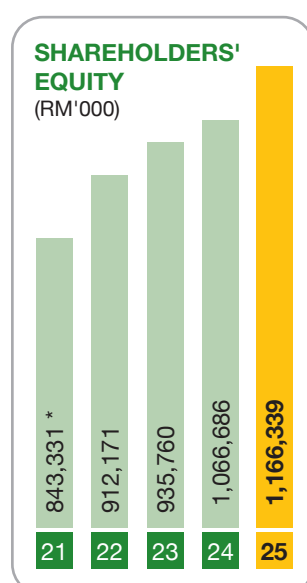
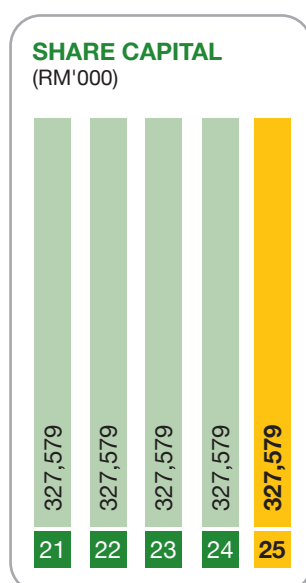
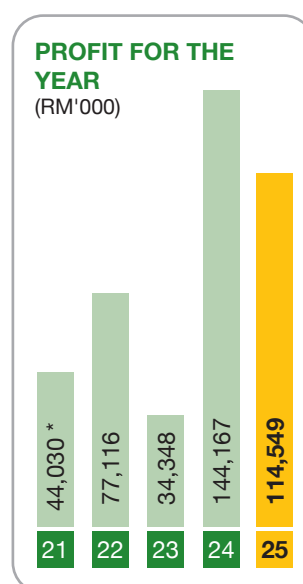
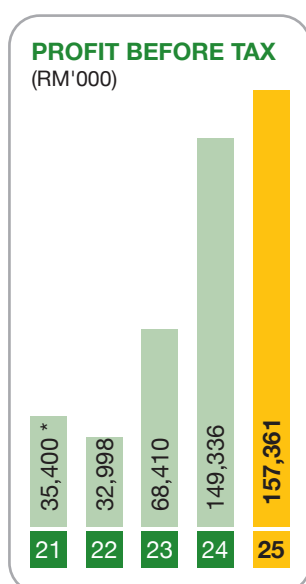
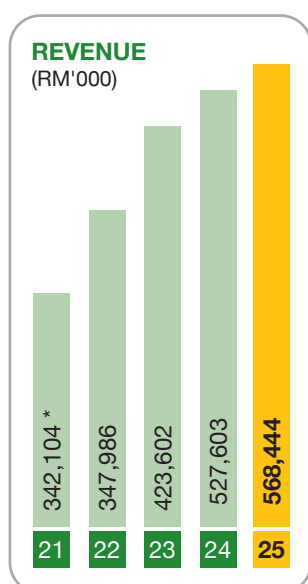
ORGANISATION STRUCTURE



FINANCIAL HIGHLIGHTS

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
REVENUE	342,104*	347,986	423,602	527,603	568,444
PROFIT BEFORE TAX	35,400*	32,998	68,410	149,336	157,361
PROFIT FOR THE YEAR	44,030*	77,116	34,348	144,167	114,549
PAID UP SHARE CAPITAL	327,579	327,579	327,579	327,579	327,579
SHAREHOLDERS' EQUITY	843,331*	912,171	935,760	1,066,686	1,166,339
EARNINGS PER SHARE - BASIC (sen)	13.30*	23.30	10.38	43.56	34.61
NET TANGIBLE ASSETS PER SHARE (RM)	2.55*	2.76	2.83	3.22	3.52

* as restated due to change in accounting policy on revenue recognition for assets transferred from customers



FINANCIAL

CALENDAR 2025

FINANCIAL YEAR ENDED	31 DECEMBER 2025
25th Annual General Meeting	26 June 2025
Announcement of interim results <ul style="list-style-type: none"> • First Quarter • Second Quarter • Third Quarter • Fourth Quarter 	15 May 2025 26 August 2025 19 November 2025 27 February 2026
Dividends paid and payable in 2025 <i>Final - 31 December 2024</i> <ul style="list-style-type: none"> • Declaration • Entitlement date • Payment date 	Final Dividend of 2.25 sen per ordinary share 15 July 2025 1 August 2025
<i>Interim - 31 December 2025</i> <ul style="list-style-type: none"> • Declaration • Entitlement date • Payment date 	First Interim Dividend of 2.25 sen per ordinary share 4 December 2025 2 January 2026
<i>Final - 31 December 2025</i> <ul style="list-style-type: none"> • Declaration • Entitlement date • Payment date (if approved by shareholders at the forthcoming 26th Annual General Meeting) 	Proposed Final Dividend of 2.75 sen per ordinary share 2 July 2026 24 July 2026



DIRECTORS' PROFILE

YAB TUAN CHOW KON YEOW, aged 67, male, a Malaysian citizen, is the Non-Independent and Non-Executive Chairman of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 22 February 2016 and subsequently re-designated as the Chairman of the Board of Directors on 14 May 2018.

YAB Tuan Chow Kon Yeow is currently the Chief Minister of Penang. He holds a Bachelor of Social Science (Honours) degree from Universiti Sains Malaysia (USM) in 1984.

He began his political career in 1986 and was first elected as the State Assemblyman for Pengkalan Kota, Penang in 1990. Since 2008, he has served continuously as the State Assemblyman for Padang Kota, Penang. He was also elected as the Member of Parliament ("MP") for Tanjong, Penang, serving from 1999 to 2013, and was re-elected to the same constituency in 2018. Following the 15th Malaysian General Election in November 2022, he was elected and is currently serving as the MP for Batu Kawan.

In 2008, he was appointed as the State Executive Councilor for Local Government and Traffic Management. In 2013, he was re-appointed to the position with the additional portfolio of Flood Mitigation.

YAB Tuan Chow Kon Yeow does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, YAB Tuan Chow Kon Yeow attended all the seven (7) Board Meetings held.



DIRECTORS' PROFILE

YB DATO' Dr. MOHAMAD BIN ABDUL HAMID, aged 52, male, a Malaysian citizen, is the Non-Independent and Non-Executive Deputy Chairman of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 12 September 2023 and currently serves as the Deputy Chairman of the Board of Directors of the Company. He previously served as the Chairman of the Nomination and Remuneration Committee of the Company and ceased to hold this position on 1 March 2026.

He is presently the Deputy Chief Minister I of Penang, a Member of the Penang State Executive Council, and the State Legislative Assemblyman for Batu Maung, Penang, a position he has held since August 2023. His portfolios encompass Islamic Development, Education and Higher Education, and National Unity.

Prior to entering politics, he served as the Rector and Chief Executive Officer of Penang International Islamic Technology College (KITAB), an Islamic higher education institution under the Islamic Religious Council, Penang (MAINPP). In recognition of his valuable services and contributions, he was conferred the Darjah Setia Pangkuan Negeri (D.S.P.N.) and Darjah Mulia Pangkuan Negeri (D.M.P.N.) which carry the title of Dato' by the Governor of Penang in July 2022 and 2024 respectively.

YB Dato' Dr. Mohamad bin Abdul Hamid specialises in corporate finance, risk management, and Islamic finance. He began his career as an academician at the Department of Finance, Faculty of Business Management, Universiti Kebangsaan Malaysia (UKM) and has accumulated over 20 years of experience in academic and administrative roles across both public and private universities. He was also a Post-Doctoral Academic Fellow in Islamic Finance at the Markfield Institute of Higher Education (MIHE), United Kingdom.

He holds a Doctor of Philosophy (Ph.D.) in Islamic Finance from the International Islamic University of Malaysia (IIUM) and a Master of Business Administration (MBA) specialising in Finance from Universiti Putra Malaysia (UPM).



He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, YB Dato' Dr. Mohamad bin Abdul Hamid attended all seven (7) Board Meetings held.

DIRECTORS' PROFILE

YB DATO' SERI HAJI ZULKIFLI BIN LONG, aged 60, male, a Malaysian citizen, is a Non-Independent and Non- Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 18 October 2024 and also acts as the Liaison Officer of the Company.

YB Dato' Seri Haji Zulkifli bin Long began his public service career as an Assistant District Officer (Planning and Development Division) at Seberang Perai Utara District and Land Office ("PDT SPU"), where he served from 1997 to 2004. In April 2005, he was appointed as Chief Assistant Secretary (Management Services & Finance) at the Penang State Secretary's Office, and was subsequently promoted to Chief Assistant District Officer (Development), PDT SPU, in 2007.

In the same year, he was granted study leave with full pay to pursue his Master's Degree in Economics at Universiti Utara Malaysia, which he successfully completed in 2009.

In 2014, he was appointed as Deputy Director (Macro) of the Penang State Economic Planning Unit under the Penang State Secretary's Office. Between 2015 and 2018, he served as a District Officer in various District and Land Offices in Penang. In 2018, he was appointed as Director of the Penang Islamic Religious Affairs Department and Secretary of the Penang State Islamic Religious Council.

Prior to assuming his current role as the State Secretary of Penang, he held the positions of Director of the Penang Land and Mines Office, and Director of the Penang State Development Office in 2020 and 2024, respectively.

He is deemed interested in the shareholdings held by the major shareholder, the State Secretary, Penang, in the Company by virtue of his position as State Secretary of the Penang State Government. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.



During the financial year ended 31 December 2025, YB Dato' Seri Haji Zulkifli bin Long attended all seven (7) Board Meetings held.

DIRECTORS' PROFILE

YB DATO' HAJI ZAIRI BIN HAJI MAT ALI, aged 57, male, a Malaysian citizen, is a Non-Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 1 April 2026.

YB Dato' Haji Zairi bin Haji Mat Ali ("YB Dato' Haji Zairi") holds a Master of Arts (MA) in International Development from the International University of Japan (IUJ), Niigata, a Bachelor of Business Management from Universiti Utara Malaysia and a Diploma in Public Management from the National Institute of Public Administration ("INTAN"), Kuala Lumpur.

YB Dato' Haji Zairi in the Malaysian public service, having begun his career in 1994 as an Assistant Secretary at the Ministry of Finance Malaysia ("MOF"). He subsequently served in various capacities, including Project Coordinator at INTAN (1995–2001), Chief Assistant Secretary, Budget Division, MOF (2004–2008), Director of the Corporate and Research Division at the Road Transport Department Malaysia (2008–2014), Deputy Secretary, Government Procurement Division, MOF (2014–2021), and Secretary, Policy and Management Division, MOF (2021–2023). He later served as Senior Secretary, Development Division at the Ministry of Health Malaysia (2023–2024), and was placed at the Public Service Department under a Special Placement from 9 August 2024 to 13 October 2024.

He was appointed as Director of the Penang State Development Office under the Implementation Coordination Unit of the Prime Minister's Department on 14 October 2024, and subsequently as the State Financial Officer of Penang under the Penang State Secretary's Office on 19 February 2026, a position he currently holds.

In addition, he has served on the boards of several organisations, including the Penang Port Commission (SPPP) and Penang Port Commission Teluk Ewa (SPPTE) (2016–2021), Universiti Teknologi Malaysia (2019–2023), Pertubuhan Peladang Kebangsaan (NAFAS) (2021–2022), as well as National Aerospace & Defence Industries Sdn. Bhd. (NADI) and MIMOS Berhad (2021–2023).



He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

YB Dato' Haji Zairi did not attend any Board Meeting of the Company held during the financial year ended 31 December 2025 as his appointment to the Board was made subsequent to the end of the said financial year.

DIRECTORS' PROFILE

YB TUAN ZAIRIL KHIR JOHARI, aged 43, male, a Malaysian citizen, is a Non-Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 1 August 2018. He served as the Chairman of the Integrity Committee of the Company.

He holds a Bachelor of Information Technology (Honours) in Information Systems Engineering from Multimedia University and subsequently obtained a Master of Arts in International Studies and Diplomacy from the School of Oriental and African Studies, University of London.

He ventured into entrepreneurship in 2007 by establishing a chocolate manufacturing business before joining politics in 2010. From 2011 to 2012, he served as Special Officer to the Chief Minister of Penang. He was elected as the Member of Parliament for Bukit Bendera and served from 2013 to 2018.

Prior to his appointment as a Senior Fellow at Penang Institute in 2017, he served as the Chief Executive Officer from 2012 to 2014, and subsequently as Executive Director from 2014 to 2016. He was elected as State Assemblyman for Tanjong Bungah, Penang, in the 2018 State Election and was re-elected in 2023. He is currently serving as a Penang State Executive Councilor, with portfolios covering Infrastructure, Transport and Digital.

He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, YB Tuan Zairil Khir Johari attended all seven (7) Board Meetings held.



DIRECTORS' PROFILE

TUAN HAJI FADZIL BIN HJ. ABDULLAH, aged 70, male, a Malaysian citizen, is a Non-Independent and Non-Executive Director of PBA Holdings Bhd. (“PBAHB” or “the Company”). He was appointed to the Board of Directors of PBAHB on 3 October 2024.

Tuan Haji Fadzil bin Hj. Abdullah began his career in the education sector, holding various academic and administrative positions. These included appointments as a Trainee Lecturer at Paddington College London, a Pioneer Lecturer at the developing Kuantan Polytechnic, and Assistant Director of Technical and Vocational Education at the Ministry of Education Malaysia (MOE), where he was involved in special projects, short courses, and regional cooperation initiatives, including the ASEAN-Australia Education Projects.

From 1986 to 1987, he served as the first Head of Department (HOD) of the Mechanical Engineering Department at Kota Bharu Polytechnic. Subsequently, he held the position of Senior Assistant Director (Vocational Curriculum Development), where he was involved in establishing of Trade Standards in collaboration with the National Training and Certification Craft Board (LLPPKK), which later evolved into National Vocational Training Council (MLVK), and is now known as the Department of Skills Development (DSD).

In 1989, he was appointed as Principal Assistant Director (Planning and Development) for Technical and Vocational Education at the MOE, a position he held until 1993. From 1996 to 2002, he served as Director of the INDKOM Group of Companies, while concurrently holding the role of Managing Director of Gulf Industries (M) Sdn. Bhd.

He was a Council Member of the Seberang Perai City Council from 2017 to 2018. He also served on the Board of Usaha Tarbiah Sdn. Bhd. (UTSB) and was a Governor of the Islamic College of Technology International Penang (KITAB) from 2019 to 2020.



He is currently a Trustee of the International Centre for Educational Excellence Berhad and the Chairman of the National Organisation of Farmers (NAFAS), Sungai Aceh Division.

He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, Tuan Haji Fadzil bin Hj. Abdullah attended all seven (7) Board Meetings held.

DIRECTORS' PROFILE

YBHG. DATO' AGATHA FOO TET SIN, aged 66, female, a Malaysian citizen, is a Non-Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). She was appointed to the Board of Directors on 9 June 2009 and was re-designated from Senior Independent Non-Executive Director to Non-Independent Non-Executive Director on 1 June 2023. She is a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee of the Company.

She is currently an Independent and Non-Executive Director of Elsoft Research Berhad. Previously, she served on the Board of Directors of Mount Miriam Cancer Hospital from 2013 to 2023 and was a member of the Penang Freedom of Information Appeal Board from 2015 to 2024.

She holds a Bachelor of Anthropology and Sociology from the University of Malaya, obtained in 1984 and a Bachelor of Laws from the Australian National University, obtained in 1988. She commenced her legal career in Canberra and was called to the Malaysian Bar in 1990.

She was in legal practice for 24 years. During her legal career, she served on the Investigating Tribunal Disciplinary Committee Panel of the Advocates and Solicitors' Disciplinary Board, the Human Rights Committee of the Malaysian Bar Council and the Legal Aid Committee of the Penang State Bar.

She does not hold any ordinary shares in the Company or its subsidiaries. She has no family relationship with any Director and/or major shareholder of the Company and no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, YBhg. Dato' Agatha Foo Tet Sin attended all seven (7) Board Meetings held.



DIRECTORS' PROFILE

YBHG. DATO' BRIAN TAN GUAN HOOI, aged 56, male, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 13 October 2015 and was re-designated as Chairman of the Audit and Risk Management Committee ("ARMC") on 30 June 2025. He is also a member of the Nomination and Remuneration Committee, and the Integrity Committee of the Company and serves as the Liaison Officer of the Company.

He holds a Bachelor of Accounting (First Class Honors) degree from the University of Malaya, obtained in 1993 and was awarded the Excellence Award for Best Accounting Graduate by the Malaysian Institute of Certified Public Accountants in the same year for his outstanding academic performance. In 1998, he obtained a Master of Business Administration (MBA) with Distinction from Universiti Sains Malaysia ("USM").

He is a Chartered Accountant registered with the Malaysian Institute of Accountants, a Fellow of the Certified Practising Accountant ("FCPA") registered with the CPA Australia and a CPA registered with ASEAN CPACC. Dato' Brian was conferred the Darjah Setia Pangkuan Negeri (D.S.P.N) in 2017 and the Darjah Mulia Pangkuan Negeri (D.M.P.N) in 2023 which carries the title Dato' by the Governor of Penang.

He is currently the President and Chief Executive Officer of Fumakilla Malaysia Berhad and Fumakilla Asia Sdn. Bhd., overseeing operations across the ASEAN region. He also serves as the Managing Director of Fumakilla Limited, Japan, a company listed on the Tokyo Stock Exchange.

He is actively involved in education and previously served on the Advisory Panel on Curriculum for the Management School of USM from 2003 to 2006. In 2011, he was awarded the Lifetime Membership Award by the Asian Academy of Management, USM, in recognition of his contributions to academic development.

He has served on the Board of the Malaysian International Chamber of Commerce and Industry (MICCI) – Northern Branch, representing Penang, Kedah and Perlis, since 2004. He was appointed Deputy Chairman in 2011, elected Branch Chairman for the term 2014 to 2017, and subsequently re-elected as Branch Chairman in 2022 and 2025. In 2019, he was appointed to the Executive Council of the Malaysian Crop Life & Public Health Association (MCPA) and currently holds the position of Vice Chairman.



He previously served as a member of the ARMC of Penang Development Corporation from 2018 to 2021, and as a member of the Advisory Panel of Penang Hill Corporation Sdn. Bhd. from 2015 to 2023. In January 2024, he was appointed to the Management Committee of the Silver Jubilee Home for the Aged.

He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, YBhg. Dato' Brian Tan Guan Hooi attended five (5) out of the seven (7) Board Meetings held.

DIRECTORS' PROFILE

PUAN NOR HATINA BINTI MD SALLEH, aged 52, female, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). She was appointed to the Board of Directors of PBAHB on 1 July 2024. She is a member of the Audit and Risk Management Committee, and the Nomination and Remuneration Committee of the Company.

She holds a Degree in Law from the International Islamic University Malaysia (IIUM) and was admitted to the Malaysian Bar as an Advocate and Solicitor in 1999.

Puan Nor Hatina binti Md Salleh is the founder and managing partner of Chambers of Wijdan & Nor Hatina, established in 2013 based in Kepala Batas, Penang. She has over 20 years of professional legal experience, specialising in civil litigation and providing advisory services across various fields of law, including Banking Conveyancing (Islamic and Conventional), Property Development Projects, Drafting Agreements, Corporate Banking, Small Estate and Probate matters.

She was appointed by Kementerian Pembangunan Wanita, Keluarga dan Masyarakat as Ahli Lembaga Pelawat Rumah Kanak-Kanak Taman Bakti Kepala Batas, Pulau Pinang, serving from 2016 to 2021.

She does not hold any ordinary shares in the Company or its subsidiaries. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, Puan Nor Hatina binti Md Salleh attended five (5) out of the seven (7) Board Meetings held.



DIRECTORS' PROFILE

ENCIK LIM ENG HUAT, aged 64, male, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 1 July 2024. He is a member of the Audit and Risk Management Committee, and the Nomination and Remuneration Committee of the Company.

He began his career as an Audit Assistant in Messrs. Lim Ali & Co, Penang, one of the legacy predecessor firms of Messrs. Ernst & Young PLT ("EY") in 1982. He was appointed Assurance Partner of EY Penang in 2002, where he held the following positions: -

- Assurance Leader & Office Managing Partner of EY Ipoh from July 2016 to June 2018;
- Assurance Leader & Office Managing Partner of EY Northern Region (Penang & Ipoh) from July 2018 to June 2022; and
- Assurance Partner of EY Penang from July 2022 until his retirement on 30 June 2023.

He has extensive professional experience in the statutory and special audit of private and public limited companies operating in Malaysia across industries including water concessionaire, energy, healthcare, manufacturing, retail, plantation, education, hospitality and property development. He also has significant experience in the audit of shared services centres and the integrated audit of major local components of the United States' public listed companies.

He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, Encik Lim Eng Huat attended six (6) out of the seven (7) Board Meetings held.



DIRECTORS' PROFILE

CIK LIM SEANG LEE, aged 65, female, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). She was appointed to the Board of Directors of PBAHB on 1 July 2024. She is a member of the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Integrity Committee of the Company.

She obtained a Bachelor of Law degree from the University of Bristol, England in 1983 and was admitted as Barrister-at-Law of the Honourable Society of the Middle Temple in 1984 and subsequently admitted as an Advocate and Solicitor of the High Court of Malaya in 1985.

Cik Lim Seang Lee currently practices at her own law firm, Messrs. Lim Seang Lee & Associates in Penang advising on corporate and commercial matters, including regulatory compliance and labour and employment issues.

With 40 years of active legal practice, she has extensive court experience in company, commercial, banking and land law, particularly in the areas of shareholders' disputes and contractual and property disputes.

Cik Lim Seang Lee is also an Independent and Non-Executive Director of Media Chinese International Limited ("MEDIA") where she serves as the Chairman of the Remuneration Committee and also sits as a member of the Audit and Nomination Committees.

She does not hold any ordinary shares in the Company or its subsidiaries. She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

During the financial year ended 31 December 2025, Cik Lim Seang Lee attended six (6) out of the seven (7) Board Meetings held.



DIRECTORS' PROFILE

YM RAJA AZMI BIN RAJA NAZUDDIN, aged 58, male, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 13 October 2025. He is a member of the Audit and Risk Management Committee and was re-designated as the Chairman of the Nomination and Remuneration Committee on 1 March 2026.

He is a seasoned corporate leader with over thirty-eight (38) years of experience across the aviation, property development, construction and information technology sector. He is currently a Board Member of UDA Holdings Berhad and BFWF Medic Sdn. Bhd.

Previously, he served as Chief Operating Officer of the Malaysian Aviation Commission. He also held the position of Group Chief Executive Officer and Group Chief Financial Officer of Malaysia Airports Holdings Berhad.

He was formerly the Executive Director and Group Chief Financial Officer of UDA Holdings Berhad and has held other senior leadership roles including Managing Director/Chief Executive Officer of Zelan Berhad and Senior Director of Corporate Development at UEM Group.

He is a Chartered Accountant, registered with the Malaysian Institute of Accountants (MIA) and a member of the Association of Chartered Certified Accountants (ACCA). He also qualified as a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants (MICPA).

He does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.



During his tenure in the financial year ended 31 December 2025, YM Raja Azmi bin Raja Nazuddin attended all two (2) Board Meetings held.

DIRECTORS' PROFILE

YBHG. DATO' Ir. SABRI BIN ABDUL MULOK, aged 62, male, a Malaysian citizen, is an Independent and Non-Executive Director of PBA Holdings Bhd. ("PBAHB" or "the Company"). He was appointed to the Board of Directors of PBAHB on 21 January 2026.

He holds a Bachelor of Civil Engineering (Honours) from the Universiti Teknologi Malaysia (UTM) in 1986 and a Masters of Engineering in Hydrology and Water Resources from UTM in 2009.

He is a civil engineering expert with over 38 years of experience in hydrology, water resources, flood management, and disaster risk management. He is currently the Technical Director at Dr. Nik & Associates Sdn. Bhd. and an Adjunct Professor at UTM.

He has extensive professional experience, having held senior leadership positions at Malaysia's Department of Irrigation and Drainage, including Deputy Director General and Director of the Flood Management Division, and has also served at the National Disaster Management Agency. He led several major national projects including the SMART Tunnel and represented Malaysia internationally on matters relating to climate change, water resources, and disaster resilience.

He does not hold any ordinary shares in the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

YBhg. Dato' Ir. Sabri Bin Abdul Mulok did not attend any Board Meeting of the Company held during the financial year ended 31 December 2025 as his appointment to the Board was made after the end of the said financial year.



8 JANUARY 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

IN THE PIPELINE: MULTI-BILLION RINGGIT WATER PROJECTS FOR PENANG

- **PBAPP to kick-off 4 WCP 2030 projects in 2025 to increase treated water supply in Penang.**
- **PAAB has agreed to collaborate on 2 other WCP 2030 projects.**
- **6 Federal Government projects to reduce Penang's water risks, re: future prolonged droughts and "Sungai Muda Incidents".**
- **Perak-Penang Water Project: PETRA has issued a public tender for the appointment of consultant for physical works.**

PENANG, Wednesday, 8.1.2025: In response to increasing water consumption driven by socioeconomic growth as well as climate change, the State Government and PBAPP are working to expedite and implement multi-billion ringgit water projects for Penang.

PBAPP will start work on **4 Water Contingency Plan 2030 (WCP 2030) projects in 2025:**

PBAPP WCP 2030 Projects		Projected investment	Benefits
1.	New 13.0km x 1.8m treated water pipeline from the Sungai Dua Water Treatment Plant (WTP) to Butterworth.	RM128 million	Increased pumping of treated water from Sungai Dua to consumers in all areas in Seberang Perai and the south-west district of Penang Island.
2.	New 3.9km x 1.8m treated water pipeline from the Macallum Area to Bukit Dumbar.	RM44 million	Increased pumping of treated water from Sungai Dua to consumers on Penang Island.
3.	New 114 million litres per day (MLD) Mengkuang Dam WTP	RM250 million	Conversion of the Expanded Mengkuang Dam (EMD) into a "daily dam" that may be tapped daily to support better water supply services in Seberang Perai Tengah (SPT).
4.	New 114 million litres per day (MLD) Sungai Kerian WTP	RM402 million	Additional 114 MLD water supply to boost water supply services in Seberang Perai Selatan (SPS).

The total projected investment for these 4 WCP 2030 projects is RM824 million.

The Penang State Government and PBAPP also **thank Pengurusan Aset Air Berhad (PAAB) for its commitment to collaborate on 2 other WCP 2030 projects in Penang:**

WCP 2030 Projects		Projected investment	Benefits
5.	New 136 MLD Sungai Perai WTP	RM588 million	Additional 136 MLD of treated water supply in Seberang Perai Tengah (SPT).
6.	New 114 MLD Sungai Muda WTP	RM435 million	Additional 114 MLD of treated water supply in Seberang Perai Utara (SPU).

PAAB has committed to provide funding for these 2 projects with an estimated value of RM1.023 billion. PBAPP will repay PAAB via favourable long-term financing terms.

At the same time, the Penang State Government and PBAPP will also seek the timely implementation of the following **6 Federal water projects for Penang:**

Federal Projects		Benefits
1.	The new RM214 million 440 MLD Lahar Yooi Pump House (Phase 2C of the Mengkuang Dam Expansion Project – MDEP)	Faster and more efficient refilling of the Expanded Mengkuang Dam (EMD) during annual wet seasons.
2.	New 440 MLD Dual-Purpose Pipeline connecting the EMD and the Sungai Dua Canal	Increased drawdown of up to 1,040 MLD of raw water from the EMD for use in the Sungai Dua WTP during future emergencies such as “Sungai Muda Incidents”.
3.	Sungai Muda Off-River Storage Scheme (ORSS)	“Mini-dam” to store raw water from the river to support 24 - 48 hours of treated water production to avoid water crises in Seberang Perai Utara (SPU).
4.	Sungai Kerian Off-River Storage Scheme (ORSS)	“Mini-dam” to store raw water from the river to support 24 - 48 hours of treated water production to avoid water crises in Seberang Perai Selatan (SPS).
5.	Bukit Panchor Dam upgrading works (currently under feasibility study by the consultant).	To provide additional storage to Bukit Panchor WTP.
6.	The new RM118 million Sungai Muda Barrage at Rantau Panjang.	To be able to access 1,500 MLD of raw water from Sungai Muda

The total projected investment for these six federal projects is between RM500 million and RM700 million. The Lahar Yooi Pump House and the 440 MLD Dual-Purpose Pipeline may be funded by “left-over Federal funds” from the MDEP. Penang will apply for Federal funding for the 2 ORSS projects under the 13th Malaysia Plan (2026 – 2030).

PERAK-PENANG WATER PROJECT

Finally, the Water Supply Department of the Ministry of Energy Transition and Water Transformation (PETRA) has issued a public tender for the appointment of a consultant for physical works for the “Raw Water Transfer Project from Sungai Perak for Water Supply in North Perak and Penang”.

This Perak-Penang Water Project, driven by Prime Minister Dato' Seri Anwar Ibrahim, will present the following 5 key benefits to Penang:

- Access to a second major water resource from the south (besides Sungai Muda in the north);
- Lower risks of a water crisis during future prolonged dry seasons;
- Water supply sufficiency for Penang beyond 2030;
- Increased water supply to support future economic progress in Seberang Perai Selatan (a targeted high-growth area); and
- More stable and evenly distributed treated water supply in the entire State of Penang, 24/7.

The Federal allocation for the Perak-Penang Water Project is reportedly about RM1.7 billion. More importantly, PETRA's public tender exercise to appoint the consultant for physical works clearly shows that the Federal Government is committed towards implementing this project on time for Penang by Year 2030.

The Penang State Government and PBAPP would like to thank Dato' Seri Anwar and PETRA for their strong support to realise the biggest water supply project for Penang in the past 51 years, since the opening of the Muda River Water Scheme in 1973.

Our primary objectives are to sustain continuous good water supply, minimise water risks and ensure water supply sufficiency for a better future. We are working to further improve water supply services in Penang.

22 JANUARY 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

LOWEST PER CAPITA DOMESTIC WATER CONSUMPTION FIGURE IN PENANG IN 24 YEARS

- **261 litres/capita/day (LCD) in 2024, 23 LCD (8.1%) lower than 284 LCD in 2023.**

PENANG, Wednesday, 22.1.2025: In 2024, PBAPP recorded the lowest per capita domestic consumption statistic in Penang in 24 years.

Last year, Penangites consumed 261 litres/capita/day (LCD) of treated water as compared to 284 LCD in 2023. This represents a 23 LCD or 8.1% drop year-on-year.

261 LCD is the lowest figure for Penang since 2000 (255 LCD).

However, please note that the population of Penang was 1.3 million people in 2000 as compared to 1.8 million people in 2024. As such, overall domestic water consumption had increased by 39.8%, from about 123 million m³ in 2000 to 172 million m³ in 2024.

Nevertheless, the 261 LCD figure represents a positive step forward in domestic water conservation.

In 10 years from 2014 to 2023, domestic water consumption in Penang had hovered between 276 LCD and 308 LCD. In comparison, the national average was 237 LCD in 2022 while Singapore reported 141 LCD for 2023.

During Penang's World Water Day 2024 (WWD 2024) commemoration in May 2024, Penang Chief Minister YAB Tuan Chow Kon Yeow and PBAPP appealed to Penang domestic consumers to reduce household water consumption by 10%, from 284 LCD to 256 LCD.

Although Penang did not hit the target of 256 LCD for 2024, we still managed to achieve 261 LCD, which is only 1.9% short of the mark.

As such, PBAPP thanks all Penangites for conserving water at home in 2024, which helps to reduce the pressure on existing water supply infrastructure.

Primary factors

The 3 primary factors for the reduction in domestic water consumption are likely to be as follows:

1. **Penang water rates review 2024**

PBAPP implemented new domestic water rates in Penang from 1.2.2024, in compliance with Federal Government regulations. Although the Penang State Executive Council directed PBAPP to provide a 6-month rebate for the first 10m³ of domestic consumption, the revised water rates have motivated Penang households to consume less water so as to pay less for their water bills.

2. **Enhanced public awareness**

Water supply has become a key public topic in Penang due to the low effective capacities of the Air Itam Dam and Teluk Bahang Dam, arising from the hot and dry El Niño phenomena in 2023 and 2024. Moreover, the mass media has highlighted issues related to the Air Itam Dam Action Plan 2024 (AIDAP 2024), as well as mishaps at Sungai Perai, Sungai Muda and Permatang Pauh. Accordingly, more Penangites have become more aware of Penang's water-stress status and they are responding positively by consciously making an effort to consume less water.

3. **PBAPP's "Minus 10%" campaign 2024**

Since the announcement of its "Minus 10%" water conservation campaign in 2024, PBAPP issued 7 more mass media releases encouraging Penangites to "save water" and "use water wisely" in 2024, due to the less than optimal effective capacities of the Air Itam Dam and Teluk Bahang Dam. These mass media releases point the way towards "water saving tips" listed on the www.pba.com.my website, such as washing vehicles less often and not using water hoses to clean households or water plants.

Looking ahead

PBAPP will set and announce a new per capita domestic consumption target for Penang in 2025 soon.

After all, if the national average for Malaysia was 237 LCD and Singaporeans can make do with 141 LCD, there appears to be no reason why Penangites cannot further reduce their household water consumption.

As at 20.1.2025, the effective capacities of the Air Itam Dam and Teluk Bahang Dam are 78.3% and 60.1% respectively. Although international weather forecasters are predicting that 2025 will be a neutral El Niño Southern Oscillation (ENSO) or mild La Niña year, our water supply status is "not safe" until these dams are refilled by rainfall to higher capacities.

I would like to take this opportunity to wish our Chinese customers an early "Gong Xi Fa Cai".

Please continue to use water wisely during the Chinese New Year 2025 festive period. For water saving tips, please visit www.pba.com.my.

23 FEBRUARY 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

NEW RM20 MILLION WATER TREATMENT PLANT RESIDUE PROCESSING FACILITY IN SUNGAI DUA

- **The Sungai Dua Dewatering Plant (SDDP) is designed to handle up to 500 metric tons of water treatment plant (WTP) residue per day.**

PENANG, Sunday, 23.2.2025: Penang Chief Minister YAB Tuan Chow Kon Yeow has opened a new Sungai Dua Dewatering Plant (SDDP) to safely handle up to 500 metric tons (mt) of water treatment plant (WTP) residue today.

The SDDP was built specifically to handle residue generated in the Sungai Dua WTP, Penang's largest and most important WTP.

In 2024, the average daily treated water output of this plant was 1,021 million litres per day (MLD). Its treated water was supplied to about 465,000 water consumers in Seberang Perai and Penang Island.

The water treatment processes to produce 1,021 MLD generated about 450 metric tons (mt) of WTP residue per day.

Let us consider what 450mt represents: As an example, the published weight of the popular Perodua Ativa SUV is 1,035kg, which is equivalent to 1.035mt. As such, 450mt is roughly equivalent to the mass of 435 Ativas.

Please note that the maximum design capacity of the SDDP is 500mt. The additional 50mt margin accommodates the production of up to 1,342 MLD of treated water per day in the future.

The SDDP is an out-sourced RM20 million facility. It will be operated by Alam Aliran Kualiti Sdn Bhd (AAK), a Penang-based scheduled waste management and waste water treatment company, under PBAPP supervision.

The SDDP presents us with the following key benefits:

1. Safer and more environment-friendly handling of WTP residue, which is in line the State Government's "Penang2030" vision of making this state a "family-focused green and smart state that inspires the nation".
2. Compliance with Department of Environment (DOE) regulations on the disposal of WTP residue which it has classified as a "scheduled waste" in Malaysia.
3. 74% cost savings: Under a contract signed with AAK, the cost for the disposal of Sungai Dua WTP residue is locked in at RM145 per mt, as compared to an estimate of RM550 per mt for unprocessed WTP residue disposal. In other words, AAK has pledged to safely dewater, process and dispose of the Sungai Dua WTP residue at a much lower cost for Penang's benefit.

Background: WTP Residue

In 1973, the Sungai Dua WTP was officially opened by the second Prime Minister of Malaysia, the late YAB Tun Abdul Razak bin Hussein, as part of the Muda River Water Scheme (MRWS).

Back then, its maximum design treatment capacity was only 136 MLD. The plant was designed to release its WTP residue into Sungai Merbau Kudong nearby.

WTP residue is a by-product of conventional water treatment operations worldwide. In Canada, Japan, Netherlands, Singapore, the USA and the United Kingdom, WTP residue is recycled in safe and environmentally-friendly ways.

In Malaysia, WTP residue has been found to be “not toxic, corrosive, carcinogenic, ignitable or hazardous to the aquatic environment”, according to the results of scientific studies and tests conducted by the Malaysian Water Association (MWA), Pengurusan Aset Air Berhad (PAAB) and Malaysian Water Engineers Action Committee (MyWAC).

However, in 2009, the DOE classified WTP residue as a “scheduled waste” that may only be disposed “Class 4” landfills. The cost to dispose hundreds of metric tons of WTP residue generated per day is high; and would have to be passed on to water consumers in the form of higher water rates.

Hence, PBAPP ventured into a recycling project in 2009 to use Sungai Dua WTP residue as a component for the production of clay bricks which may be used in the construction industry. This recycling project was technically viable and won awards. However, the market uptake for the end-product was slow.

Today, in 2025, the maximum design treatment capacity of the Sungai Dua WTP has been upgraded to almost 10-fold of the original capacity, from 136 MLD to 1,342 MLD.

Accordingly, the volume of WTP residue generated by the plant’s daily processes has increased exponentially. As such, we chose to tackle the WTP residue issue from a different angle.

Today’s official opening of the SDDP by YAB Tuan Chow marks another key milestone for PBAPP, in terms of operational philosophy:

As we continue to do more to supply more water in Penang, we will also strive to do things better.

The operations of this SDDP will make sure that our water treatment operations at Sungai Dua are safer and more environment-friendly. This is the way forward.

3 MAY 2025

PRESS STATEMENT

Media Release (World Water Day 2025)

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

250 LCD: PENANG DOMESTIC WATER SAVING TARGET 2025

- **Reduction of 11 litres/capita/day (LCD) from 261 LCD in 2024.**
- **Total savings by 1.8 million Penangites: 19.8 million litres per day (MLD).**

PENANG, Saturday, 3.5.2025: PBAPP has set a 2025 per capita domestic water saving target of 250 litres/capita/day (LCD) for Penang.

Please note that Malaysia's national average was 237 LCD in 2023. Singapore reported an average of 141 LCD for 2023.

So, 250 LCD is a small step forward for Penang. In our opinion, small progressive steps forward can pay a good dividends in terms of water supply sufficiency and security in the future.

We decided to set a reasonable and achievable target. 250 LCD in 2025 is just 11 LCD less than the 261 LCD we recorded for 2024.

However, the impact will be significant. If 1.8 million people in Penang use 11 LCD less water at home, it will add up to a combined water saving of 19.8 million litres per day (MLD) in 2025.

A domestic water saving of 19.8 MLD should reduce Penang's overall water consumption by about 2.3% from 870 MLD in 2024 to about 850 MLD in 2025.

In 2024, domestic water consumption constituted about 54% of total water consumption in Penang. So, whenever Penangites use less water at home, it will go a long way to:

- Ensure water supply sufficiency and sustainability in all areas in Penang, even during peak periods of consumption such as major festivals and holiday seasons;
- Help to stabilise and equalise water pressure for all water consumers;
- Reduce intermittent water issues in the end-of-line (EoL) and high ground areas in Seberang Perai Selatan (SPS) and Daerah Barat Daya (DBD) on Penang Island; and
- Help us to weather through prolonged dry seasons and El Niño with lower risks of water crises.

Impact of climate change on water supply

For PBAPP, it is a fact that climate change has affected water supply operations in the State of Penang, as shown in the following table:

Dam	Effective capacity 1.1.2025	Effective capacity 2.5.2025	Difference
Teluk Bahang Dam	61.7%	48.6%	- 13.1%
Air Itam Dam	76.7%	54.1%	- 22.6%
Expanded Mengkuang Dam (EMD)	91.2%	91.2%	0%

Please note the following facts and figures:

1. The Teluk Bahang Dam and Air Itam Dam were not full on 1.1.2025. Due to unpredictable weather in recent years, we cannot say for sure if these dams will be refilled to 100% by December 2025.
2. There was significantly less rainfall in the water catchment areas (WCAs) of these 2 dams in recent years, due to prolonged El Niño phenomena.

Rainfall in WCA	3-year average 2017 – 2019	5-year average 2020 – 2024	2025
Teluk Bahang	1,037mm	262mm	307mm
Air Itam Dam	553mm	185mm	122mm

3. The Teluk Bahang Dam and Air Itam Dam were designed and built to be refilled rainfall in the respective WCAs. On the other hand, the EMD was designed and built to be refilled primarily by water pumped up from Sungai Kulim.

We may ask for cloud seeding operations to induce rainfall in the WCAs. However, the outcome of cloud seeding operations are uncertain. Even if it does rain, it will usually last for a few hours or a day only.

Water supply and demand

There are two sides to the water supply management equation: “supply” and “demand”.

PBAPP is working hard to implement projects costing more than RM1 billion under its Water Contingency Plan 2030 (WCP 2030) to ensure that it can “supply” sufficient water in Penang towards Year 2030.

At the same time, we need the cooperation of Penang domestic water consumers to reduce the overall “demand” for water in Penang towards Year 2030.

So, by using water wisely at home, Penang domestic water consumers will play an important role to reduce Penang’s water risks until 2030, ensure fair and equitable water supply throughout the state and support the *Penang2030* vision.

Please help us to ensure that Penang becomes “a family-focused, green and smart state that inspires the nation.”

It is not difficult for us to achieve 250 LCD for Penang in 2025. Please visit www.pba.com.my for water-saving tips.

24 MAY 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

NEW RM250 MILLION WATER TREATMENT PLANT TO TAP THE EXPANDED MENGGUANG DAM ON A DAILY BASIS.

- **Mengkuang Park Water Treatment Plant will produce 114 million litres per day (MLD) of treated water in Seberang Perai Tengah (SPT).**
- **Targeted completion: November 2026.**

PENANG, Saturday, 24.5.2025: PBAPP is building a new water treatment plant (WTP) that will tap the state's largest dam, the Expanded Mengkuang Dam (EMD) on a daily basis.

Penang Chief Minister YAB Tuan Chow Kon Yeow officiated the ground-breaking ceremony of the RM250 million **Mengkuang Park WTP**, which is located just about 550m away from the EMD in Seberang Perai Tengah (SPT) today.

This new WTP will have a maximum design capacity of 114 million litres per day. It is scheduled for completion in November 2026, about 18 months from now.

Converting the EMD into a “dual purpose dam”

One of the most important aspects of this Mengkuang Park WTP project is that it changes the status of the EMD, which has an effective capacity of 86,400 million litres (ML).

Since 1985, this dam has been classified as a “strategic drought reserve.”

PBAPP had only drawn down water from the EMD to support the Sungai Dua WTP, Penang's largest WTP, when it is unable to abstract sufficient raw water from Sungai Muda or during emergency scenarios involving Sungai Muda.

However, from November 2026, raw water from the EMD will be drawn down daily for use in the Mengkuang Park WTP.

The EMD will then be re-classified as a “dual purpose dam.”

It will serve as a raw water resource for the Mengkuang Park WTP under normal circumstances and a back-up raw water resource for the Sungai Dua WTP under abnormal circumstances.

Unlike Penang's other daily dams (such as the Teluk Bahang Dam and Air Itam Dam), the EMD is not “dependent” on rainfall in its 3.9km² water catchment area. It is primarily refilled by raw water pumped from Sungai Kulim during wet seasons.

In 1985, the original Mengkuang Dam was officially opened by the late Tun Dr. Awang bin Hassan, who was then serving as the Yang Di Pertua Negeri Pulau Pinang, with a maximum effective capacity of 23,600 ML.

On 9.1.2021, YAB Tuan Chow opened the “Expanded Mengkuang Dam”, with an upgraded maximum effective capacity of 86,400 ML.

Press Statement (Cont'd)

Since January 2021, the effective capacity of the EMD has not dropped below 85%. This reflects its viability as an additional daily raw water resource.

Please note that the EMD's effective capacity of 86,400 ML is roughly 4.7 times the maximum effective capacity of the Teluk Bahang Dam (18,240 ML) and 40 times the maximum effective capacity of the Air Itam Dam (2,159 ML).

PBAPP will manage and monitor the effective capacity of the EMD every day to sustain its viability as a daily dam. PBAPP may reduce or stop daily drawdowns from the EMD if its effective capacity drops below 40% (34,560 ML) during a severe El Niño phenomenon in the future.

Additional 114 MLD in Seberang Perai

The primary benefit of the Mengkuang Park WTP is the production of up to 114 MLD of additional treated water in in SPT, primarily for distribution in SPT.

Today, a high percentage of the treated water that is supplied in SPT comes from the Sungai Dua WTP in SPU. When the Mengkuang Park WTP is operational, SPT will be less dependent on treated water from Sungai Dua.

As such, the Mengkuang Park WTP will also indirectly benefit water consumers in Seberang Perai Utara (SPU) and Seberang Perai Selatan (SPS). Theoretically, if the Mengkuang Park WTP produces up to 114 MLD of treated water for supply in SPT, PBAPP may divert more treated water from the Sungai Dua WTP to SPU and SPS.

Project components

The project encompasses the construction of a 114 MLD water treatment module, backwash pump house, chemical dosing building, clear water tank, sludge treatment building, scour pump and chemical waste sumps, detention pond and an administration building equipped with a supervisory control and data acquisition (SCADA) system.

The contract also covers the laying of a 1,200mm raw water drawdown pipeline (from the dam) and a 900mm treated water output pipeline (for connection to existing treated water supply mains), as well as all associated civil, structural, mechanical and electrical works.

3rd WCP project underway

Site works for the Mengkuang Park WTP have started from 19.5.2025. PBAPP will supervise and oversee all works to ensure its timely completion by November 2026.

The Mengkuang Park WTP is the 3rd Water Contingency Plan 2030 (WCP 2030) project. In 2024, we successfully commissioned the 10 MLD DAF module in Bukit Panchor and 114 MLD Package 12A water treatment module in Sungai Dua in 2024.

There are 5 WCP 2030 projects to go before 2030. PBAPP is moving forward as planned.

26 JUNE 2025

PRESS STATEMENT

Media Release 1: PBA Holdings Bhd (PBAHB) 25th Annual General Meeting

YAB TUAN CHOW KON YEOW

Chief Minister of Penang and Chairman, PBAHB and PBAPP.

PBAHB 2024: SETTING NEW RECORDS, FINAL DIVIDEND OF 2.25 SEN.

PENANG, Thursday, 26.6.2024: The 25th annual general meeting (AGM) of PBA Holdings Bhd (PBAHB – PBA 5041) approved a single tier final dividend of 2.25 sen per share.

The entitlement date was set at 15.7.2025. The projected total payout to 7,157 shareholders will be RM7.5 million on 1.8.2025. 2025 marks the 24th consecutive year in which PBAHB will pay dividends to its shareholders.

3 New Records

In 2024, PBAHB and its wholly owned subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), set several new records which are commendable:

1. **Net profit of RM144.167 million:** The highest net profit in the 26-year history of the PBA Group of Companies. The record net profit was primarily generated from a Penang water rate review that was implemented from 1.2.2024.

This is an outstanding achievement but it does not serve to fill PBAHB's coffers or to enrich the company.

Please note that PBAPP must invest about RM2.099 billion to complete 6 new water supply infrastructure projects under the Water Contingency Plan 2030 (WCP 2030).

Moreover, PBAPP's projected capital expenditure (CAPEX) for upgrading existing infrastructure is RM86.8 million in 2025.

Obviously, the 2024 Penang water rates cannot provide sufficient funding for the projects to resolve Penang's water issues by 2030.

Although Pengurusan Aset Air Berhad, or PAAB, has agreed to provide long-term leasing arrangements for 2 WCP 2030 projects, PBAHB and PBAPP will still have to look into other means of raising more than RM1 billion in the next few years.

2. **1,208 million litres per day (MLD) average treated water production:** This is the largest volume of treated water produced in the history of water supply in Penang.

With a non-revenue water (NRW) percentage of 28% in 2024, total water consumption in Penang was recorded as 870 MLD. In comparison, the national average NRW in 2023 was 34.6%.

Nevertheless, there is room for improvement. PBAPP has been directed to work towards lowering the NRW statistic for Penang.

3. **1,726 MLD maximum design capacity for treated water production:** With the official opening of Package 12A of the Sungai Dua Water Treatment Plant (WTP) on 20.9.2024.

With 1,726 MLD of water treatment capacity in hand and a treated water output of 1,208 MLD in 2024, we have achieved a water treatment reserve margin of 30% in 2024. The national average was 15.3% in 2023.

That said, PBAPP's immediate challenge lies in facilitating better distribution of treated water from the upgraded Sungai Dua WTP throughout the State of Penang, especially to the end-of-line (EoL) and high grounds areas in Seberang Perai Selatan (SPS) and Daerah Barat Daya (DBD) on Penang Island.

All in all, 2024 was a year in which PBAHB and PBAPP delivered tangible results for the benefit of various groups of stakeholders, including 705,528 water consumers in Penang.

More water supply

Projections indicate that water demand in Penang may reach 1,532 MLD by 2030. Thus, PBAPP has to consistently produce and supply 1,532 MLD of treated water throughout the state by 2030.

Without more water supply, we cannot achieve the "Penang2030" aspiration of becoming a family-focused green and smart state that inspires the nation. There are several key factors to bear in mind:

- Penang is a relatively "small" state with a limited land bank of 1,158 km³. PBAPP cannot simply build more dams, especially on Penang Island. Dams are usually refilled with rainfall from water catchment areas. Unfortunately, we do not have much forest lands left in Penang to serve as water catchments.
- Climate change has affected rainfall in Penang's water catchment areas. Since 2021, the Air Itam Dam and Teluk Bahang Dam have not been refilled to 100%.
- Sungai Muda is Penang's one and only major raw water resource. In 2024, PBAPP abstracted an average of 1,018 MLD of raw water from this river.

In October and November 2024, PBAPP implemented counter-measures to avert 2 Sungai Muda crises that shut down Kedah WTPs. Each crisis could have potentially affected 465,000 water consumers in Penang.

- The "Perak-Penang Water Project" is underway. Please note that this is an inter-state project that is overseen by the Federal Government. We may look forward to its commissioning by 2030 but we must also prepare to deal with an unforeseeable delay.
- In 2024, we saw a drop in per capita domestic consumption from 284 litres per capita per day, or LCD, in 2023 to 261 LCD in 2024. This is primarily due to the introduction of the 2024 Penang water rates and PBAPP's on-going programme to promote domestic water conservation.

However, 261 LCD is still higher than the national average of 228 LCD in 2023. For 2025, PBAPP is promoting a "realistic" domestic water consumption target of 250 LCD for Penang.

PBAPP shoulders all the responsibilities of meeting increasing water demand, mitigating water risks and "buying time" for the "Perak-Penang Water Project".

The tangible results for 2024 show that PBAPP is on the right track. However, there are still many significant milestones to mark on our drive towards better and sustainable water supply services in Penang by 2030.

7 AUGUST 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

PBA HOLDINGS WINS 2 PUBLIC-LISTING RELATED AWARDS

- **Highest Growth in Profit After Tax (PAT) over 3 years**
- **Highest Returns to Shareholders over 3 years**
- **“The Edge Centurion Club Awards 2025” for public-listed telecom, media & utilities companies with market capitalisation below RM1 billion.**

PENANG, Thursday, 7.8.2025: PBA Holdings Bhd (PBAHB) has received 2 awards for outstanding achievements from The Edge, a leading and reputable Malaysian financial news organisation.

These “The Edge Centurion Club Awards 2025” are for:

- “Highest Growth in Profit After Tax (PAT) over 3 years” and
- “Highest Returns to Shareholders over 3 years”,

in the telecommunications, media and utilities category for public-listed companies with a market capitalisation below RM1 billion. PBAHB is the holdings company for PBAPP. PBAPP is the licensed holistic water supply operator that serves the State of Penang.

YB Senator Tengku Datuk Seri Zafrul Abdul Aziz, the Minister of Investment, Trade and Industry, handed over the awards to a PBAHB delegation during a dinner event in The Hilton Kuala Lumpur on Tuesday (5.8.2025).

PBAHB performance (2022 – 2024)

PBAHB’s reported financial key performance indicators (KPIs) for the last 3 financial years may be summarised as follows:

KPI	2022	2023	2024
1. Net Profit	RM77.1 million	RM34.3 million	RM144.2 million
2. Dividend	3.0 sen per share	3.5 sen per share	4.5 sen per share

Awards context

In fact, PBAHB has been rewarding its shareholders annually since its public listing on the Main Board of Bursa Malaysia in 2002. This year marks the 24th consecutive year in which the company has paid dividends to them.

The 2025 “highest return to shareholders over 3 years” award is the 3rd award of its kind that PBAHB has received from The Edge. We won similar awards in 2019 and 2023.

Since it recognises a triannual achievement, this 3rd award reflects the fact that PBAHB has paid the best dividends to shareholders in the past 9 years amongst all public-listed telecommunications, media and utility companies in Malaysia (with market capitalisation below RM1 billion).

The “highest PAT over 3 years award” is a new award for PBAHB. Since water supply is a tightly regulated public service industry in Malaysia, PBAHB is not primarily a profit- driven company.

Nevertheless, it shows that a professional, responsible and financially sound water supply organisation may occasionally top the charts in profitability as a public-listed company. This award will inspire PBAHB to seek new heights in profitability so that we may continue to reward our shareholders in the future and raise sufficient funds for urgent waterworks in Penang that will further improve water supply services.

Acknowledgements

The 2 awards represent the good results of hard work and commitment of a PBA team with 1,511 personnel.

Much credit is also due to the good guidance of the PBAPP and PBAHB Boards of Directors, led by YAB Tuan Chow Kon Yeow, the Chief Minister of Penang.

6 OCTOBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

RM4 MILLION CONTRIBUTION TO UPGRADE WATER SUPPLY INFRASTRUCTURE IN LOW-COST APARTMENTS IN PENANG

- **PBAPP presented a RM4 million cheque for the PRIHATIN programme, in support of its initiative to upgrade internal water reticulation systems in low-cost apartment compounds.**
- **PRIHATIN will be implemented by the Penang State Housing Board (LPNPP).**

PENANG, Monday, 6.10.2025: PBAPP has handed over a RM4 million cheque for the Infrastructure Maintenance Intervention Programme (PRIHATIN), as a corporate social responsibility (CSR) gesture in support of an initiative to improve water supply for residents of low-cost apartment.

Dato' Ir. Pathmanathan K. (CEO of PBAHB & PBAPP) presented the cheque to Pn. Nadzifah binti Abdul Rahim Chief Legal and Enforcement Officer of LPNPP today. The Chief Minister of Penang, YAB Tuan Chow Kon Yeow, witnessed the cheque handover at Komtar today.

PBAPP's RM4 million CSR contribution, which comprises RM2 million for 2024 and RM2 million for 2025, will be allocated to projects under the PRIHATIN programme.

The PRIHATIN programme is a joint initiative involving LPNPP, Penang Island City Council (MBPP), Seberang Perai City Council (MBSP) and PBAPP.

The scope of works under PRIHATIN covers various water infrastructure repairs, including the repair and replacement of existing tanks and pipes. New construction works may include the installation of suction tanks or the building of pump houses, subject to the outcome of technical inspections and the official approvals of the local authorities.

The project selection criteria and application process for the PRIHATIN programme were announced in a media conference by the Penang State EXCO for Infrastructure, Transport and Digital, YB Tuan Zairil Khir Johari, on 4 September 2025.

300 housing projects identified without suction tanks and water pumping systems

About 300 low-cost housing projects in Penang (mainly 5-storey apartments) were built without suction tanks and water pumping systems. Their rooftop water tanks are located 20m or higher above ground level.

Most of these projects were completed more than 15 years ago. At that time, Penang's water consumption was below 800 million litres per day (MLD). When necessary, PBAPP was able to pump water at high pressures to reach and refill the rooftop tanks of these low-cost housing projects.

In 2024, Penang's water consumption reached 870 MLD.

Under the PRIHATIN programme, more than 20 low-cost housing schemes are expected to benefit. In Phase 1, five (5) housing schemes have been approved and will be followed by site visits by the local authorities.

Press Statement (Cont'd)

In today's high water demand scenario, PBAPP is working to deliver treated water at a minimum pressure of 10mH (meter head) at all main ground-level meter points in Penang to comply with the KPI set by the National Water Services Commission (SPAN).

The 10mH pressure level is lower than the height of rooftop water tanks of 5-storey apartments (20m or higher). Therefore, the treated water pumped by PBAPP today may not reach the tanks directly.

This is why all high-rise residential and commercial projects are required to be equipped with suction tanks and sufficient pumping systems to pump water from ground level up to rooftop tanks.

Meanwhile, several rooftop water tanks in low-cost apartment compounds have been found to be leaking or not functioning properly. This means the rooftop tanks may not be refilled to full capacity at night when water demand is lower.

Some low-cost housing projects are also located at higher elevations or at end-of-line (EoL) pipe locations where water pressure is at its lowest.

As a result, residents of low-cost apartments are likely to experience intermittent water supply disruptions when water demand is high and water pressure is low and will take longer time to recover.

Helping those in need

YAB Tuan Chow Kon Yeow said the PBAPP Board of Directors approved the RM2 million CSR proposal presented by management on 16.4.2024, mainly on the basis of providing assistance to those in need. The Board approved an additional allocation of RM2 million for 2025 on 24 February 2025. This form of assistance is expected to be sustained in the coming years, subject to assessed needs and requirements.

He said the majority of low-cost apartment residents belong to the B40 income group and most low-cost apartment projects in Penang do not have management corporations to manage and maintain building facilities efficiently.

"While PBAPP is addressing major challenges in upgrading Penang's water supply infrastructure to meet growing water demand, it is also important to support the State Housing Board's initiative to upgrade internal water reticulation systems in low-cost apartment compounds," he said.

15 OCTOBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

PBAPP WINS MWA MALAYSIA WATER AWARD FOR MANAGEMENT 2025

- **National award for “exceptional leadership in water supply management”**
- **Water supply KPIs, ISO benchmarking, information sharing & ESG reporting, WCP 2030, “Zero Waste Water Treatment Residue Recycling Project” and GeoWater Real-time GIS.**

PENANG, Wednesday, 15.10.2025: PBAPP has received the “Malaysia Water Award for Management 2025” from the Malaysia Water Association (MWA) which recognises “exceptional leadership in water supply management”.

YAB Datuk Amar Haji Fadillah bin Haji Yusof, Deputy Prime Minister of Malaysia and Minister of Energy Transition and Water Transformation (PETRA), handed the award to Penang Chief Minister and PBAPP Chairman YAB Tuan Chow Kon Yeow last night. YAB Tuan Chow led a PBAPP delegation to the MWA Annual Dinner and Awards Night 2025 in Kuala Lumpur.

MWA is a non-profit and independent organisation that represents the water industry in Malaysia and promotes sustainable management of water supply services. Its 855 members include water supply and sewerage operators, manufacturers, consultants, contractors, suppliers, regulators and academicians.

Criteria for Award

PBAPP nomination for the MWA Award for Management 2025 was based on:

- Higher than average water supply key performance indicators (KPIs) for 2024 (please refer to Appendix A);
- 6 ISO accredited management systems for quality, environment, OSH (occupational safety & health), information security, water testing and water meter testing;
- Data-driven public information sharing initiatives and ESG (environmental, social, governance) reporting as per Bursa Malaysia’s requirements for public- listed companies (PLCs);
- The RM2.1 billion WCP 2030 (Water Contingency Plan 2030): 8 key water infrastructure projects to upgrade water treatment capacity by 602 MLD (million litres per day) and unlock 3 secondary raw water resources in Seberang Perai, as well as increase treated water pumping capacity to Penang Island.
- The “Zero Waste Water Treatment Residue (WTR) Recycling Project” (Sungai Dua Water Treatment Plant): Continually harvest “supernatant water” as a raw water resource from water treatment processes and recycle processed WTR as a raw material to manufacture cement bricks; and
- Soft launching of a “GeoWater Real-time GIS (geographical information system)” to facilitate remote tracking, tracing and analysis of key water infrastructure, water consumption, pipeline leaks and bursts, geospatial data and GIS data feedback.

4th Award for Penang

The MWA Management Award may be given to an outstanding water organisation or individual. In 2025, this prestigious award “landed” in Penang for the fourth time.

- In 1994, the late Datuk Ir. Kam U-Tee, the first General Manager of Pihak Berkuasa Air (PBA) received the MWA Award for Management.
- In 2001, PBAPP won the award after a successful corporatisation exercise under the leadership of General Manager Dato’ Ir. Liew Chook San.
- In 2018, MWA gave the award to Dato’ Seri Ir. Jaseni Maidinsa, who was then serving as the CEO of PBAPP and PBA Holdings Bhd. Dato’ Seri Ir. Jaseni is now the Chairman of Pengurusan Aset Air Berhad (PAAB).
- Last night, PBAPP welcomed back the crystal challenge trophy on behalf of Penang. We also received a commemorative plaque and a RM5,000 reward.

Earlier this year, PBA Holdings Bhd (the public listed holdings company for PBAPP), also won “The Edge Centurion Club Awards 2025” for:

- “Highest Growth in Profit After Tax (PAT) over 3 years” and
- “Highest Returns to Shareholders over 3 years”, in the telecommunications, media and utilities category for public-listed companies with a market capitalisation below RM1 billion.

Acknowledgements

The 2025 awards reflect the good results of hard work and commitment of a PBA team with 1,540 personnel.

It is good that PBAPP is recognised as a leading water supply operator in Malaysia. However, our primary mission to achieve water supply sustainability for Penang towards 2030 is on-going.

There is still much work to be done. PBAPP will strive to serve Penang better in the future with good guidance from the PBAPP and PBAHB Boards of Directors, led by YAB Tuan Chow Kon Yeow.

Appendix A: PBAPP’s Key Water Supply KPIs 2024

Water Supply KPIs		PBAPP 2024	National Average 2024*
1.	Population Served <ul style="list-style-type: none"> • Urban • Rural 	100.0% 99.8%	97.0% 97.0%
2.	Treated Water Production	1,208 MLD	1,344 MLD
3.	Billed Water Consumption	870 MLD	885 MLD
4.	Non-Revenue Water (NRW)	28.0%	34.3%
5.	Treated Water Reserve Margin	30.0%	14.9%
6.	Treated Water Quality	Compliance with Quality Assurance Policy (QAP) set by the Ministry of Health, Malaysia.	N.A.
7.	Water supply interruptions: Percentage of complaints to total number of water accounts	1.2%	3.2%
8.	Burst pipes/leaks: Percentage of complaints to total number of water accounts	5.8%	8.0%
9.	Billing and meter issues: Percentage of complaints to total number of water accounts	2.6%	4.3%
10.	Scheduled Water Supply Interruptions	38	220

* Source: “SPAN Water and Sewerage Fact Book 2024”

17 OCTOBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

PBAPP WINS “GOLD AWARD” FOR INNOVATIVE RECYCLING PROJECT

- **“Zero Waste Recycling Project” at the Sungai Dua Water Treatment Plant recycles water treatment residue (WTR) as a green building material and constantly harvests and re-harvests “supernatant water” as a recycled raw water resource.**
- **Malaysian International Water Convention 2025 (MIWC) Gold Award under the “NextWave Innovation Awards”.**

PENANG, Friday, 17.10.2025: In February 2025, PBAPP launched a project to recycle water treatment residue (WTR) as a building material and constantly harvest “supernatant water” at the Sungai Dua Water Treatment Plant (WTP).

This project won a “gold award” in the Circular Economy & Water Reuse category, at the Malaysian International Water Convention 2025 (MIWC 2025) on 15.10.2025.

PBAPP’s “Zero Waste Recycling Project” at Penang’s largest water treatment plant represents an innovative approach to tackle the issue of safely handling WTR, which has been classified as a SW204 (a scheduled waste) by the Department of Environment (DoE) since 2009. As such, DoE has directed all Malaysian water supply operators to dispose of SW204 in “Class 4 Sanitary Landfills” (C4SLs), the nearest of which is located in Selangor.

A more environment-friendly, cost-effective and sustainable solution

In Penang, PBAPP decided to pursue a more environment-friendly, cost-effective and sustainable recycling solution – processing and recycling WTR as a raw material to make cement bricks.

The following is a brief summary of PBAPP’s “Zero Waste Recycling Project”:

1. Wet WTR from the water filtration and sedimentation processes in the Sungai Dua WTP are placed into “settling tanks” wherein the “supernatant water” (water with turbidity below 200 NTU) is “separated” from thickened WTR.
2. From the settling tanks, this first dose of “supernatant water” is discharged into the Sungai Dua WTP’s intake balancing pond as a recycled raw water resource.
3. On the other hand, the thickened WTR is pumped into the Sungai Dua Dewatering Plant (SDDP). In the SDDP, a belt filter press is used to force more supernatant water out of the WTR to form SW204 solids.
4. This second dose of supernatant water is processed in a filtrate holding tank and a filtered clarifier tank before it is pumped into settling tanks, again for use as a recycled raw water resource.

This “circular process” of constantly harvesting and re-harvesting supernatant water is repeated 24/7. In September 2025, it yielded an average of million litres per day (MLD) of recycled water at Sungai Dua.

5. Meanwhile, the SWR204 solids are transported out of the Sungai Dua WTP to a cement brick factory in Bukit Minyak. At the factory, cement bricks are produced with a 30% material content of SWR204.

Key benefits: PBAPP's "Zero Waste Recycling Project"

PBAPP's "Zero Waste Recycling Project" is an **environment-friendly recycling solution** because the WTR is not wasted or dumped in a C4SL. Instead, it is recycled as a "green building material" with an economic value and the processes of recycling the WTR allows PBAPP to tap a recycled water resource for Penang.

The project is also a **cost-effective solution** that should have minimal impact on Penang water rates. Penang's WTR recycling cost is 74% cheaper than the projected costs of transporting SW204 to the nearest C4SL in Selangor. Moreover, this is an out-sourced project and PBAPP did not incur any capital expenditure for the construction of the SDDP and the cement factory.

Finally, this is a **solution that supports sustainability** in PBAPP's water supply operations. The cyclically harvested supernatant water may be regarded as a new recycled raw water resource to sustain good water supply services in Penang, a water stressed state with limited raw water resources. In terms of operational sustainability, the SDDP was built to process about 91,250 tons of WTR in 2025, 105,850 tons in 2026 and 112,201 tons in 2027.

It should be noted that this Penang project effectively recycles the SWR204 for safe use in compliance with the DOE's Environmental Quality Act 1974.

Once again, Penang and PBAPP have proved that it can lead the way in terms of sustainable water supply management in Malaysia. In this case, in the form of innovative handling of WTR.

PBAPP would like to thank the Malaysian Water Association, the organisers of the MIWC 2025 for acknowledging and recognising the value of the "Zero Waste Recycling Project" with a gold award.

10 NOVEMBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

TELUK BAHANG DAM: PBAPP WINS INTERNATIONAL AWARD FOR “BEST MAINTENANCE”

- **“Best Dam Maintenance” at the 3rd International Conference on Dam Safety Management and Engineering 2025**

PENANG, Monday, 10.11.2025: PBAPP has won an international award for “Best Dam Maintenance” in regard to the Teluk Bahang Dam.

The award for “Best Dam Maintenance” was issued by the 3rd International Conference on Dam Safety Management and Engineering 2025 (ICDSME 2025) on 5.11.2025, in recognition of PBAPP’s outstanding commitment and excellence.

In effect, this award recognises PBAPP’s efforts in managing and maintaining the Teluk Bahang Dam as one of the safest functional dams in Malaysia, based on the status of the dam today.

Award Rationales

The rationales for the ICDSME Award may be summarised as follows:

- Dam management in accordance to 3 international ISO benchmarks: ISO 9001:2015 for quality and continuous improvement; ISO 45001:2018 for occupational health & safety; and ISO 14001:2015 for environmental protection, preservation and conservation.
- Preventive inspections, 3rd party assessments and asset rehabilitation to ensure structural integrity and long-term resilience.
- Emergency response plans, emergency drills and stakeholder awareness programmes to ensure community safety. PBAPP is also drafting a comprehensive emergency action plan (EAP) for implementation.
- Corporate social responsibility (CSR) initiatives including hosting of international dragon boat racing events (when possible), tree-planting and water awareness projects for school children;
- Utilisation of dam monitoring systems and instrumentation such as piezometers, seismic sensors and 24-hour CCTV surveillance.
- Daily effective capacity readings (with pre-set parameters for “Alert 1”, “Alert 2” and “Critical” readings).
- Raw water quality controls: daily visual inspections, weekly boat patrols and monthly raw water sampling and testing.
- Recordings of daily visual inspections, instrument measurements and rainfall in water catchment area.
- Securely keeping the dam open daily to the public as a green recreational area and tourist attraction.

History & Background

The Teluk Bahang Dam was officially opened in 1999 by the late Tun Abdullah Ahmad Badawi who was then serving as Deputy Prime Minister of Malaysia. It has a maximum effective capacity of 18,240 million litres (ML) and was built to specifically meet the water needs of the beach front tourist belt and residential areas in the northern areas of Penang Island.

The dam's service area encompasses Teluk Bahang, Batu Ferringhi, Tanjung Bungah and Tanjung Tokong. With a maximum water surface area of 0.95 sq. km, the Teluk Bahang Dam is primarily refilled by rainfall in a 9.84 sq. km water catchment area (WCA) in its immediate vicinity.

PBAPP also has a contingency refilling plan that involves the channelling of raw water from 2 other WCAs, the Sungai Pinang WCA and the Batu Ferringhi WCA, to refill the dam.

This plan was last activated in September and October 2020, after the dam's effective capacity dropped to 16.0%. This abnormally effective capacity was directly related to abnormally low rainfall in the Teluk Bahang WCA in the period from August 2019 to July 2020.

By 1.1.2021, the Teluk Bahang Dam's effective capacity had recovered to 58.7%, before the beginning of the 2021 dry season.

As such, the Teluk Bahang Dam has not "run dry" in its 26-year service history.

Teluk Bahang Dam Status (9.11.2025)

The lowest effective capacity point recorded for the Teluk Bahang Dam this year was 45.6% on 10.4.2025, after 100 days of hot and dry weather.

In the recent 90 days, from 1.9.2025 to 9.11.2025, PBAPP recorded a total of 999.5mm of rainfall in Teluk Bahang WCA. As a result, the effective capacity of the dam reached 83.6% on 9.11.2025.

With more rain forecast in November 2025, the Teluk Bahang Dam's effective capacity may increase further. However, weather forecasts also indicate that December 2025 may be a drier month.

Barring unforeseeable circumstances, the Teluk Bahang Dam is in a "good position" to help about 37,000 consumers in Teluk Bahang, Batu Ferringhi, Tanjung Bungah, Tanjung Tokong and Mount Erskine weather through the year-start dry season which should commence from 1.1.2026.

22 NOVEMBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

DESALINATION IN PENANG: PBAPP REVIVES A PILOT PROJECT

- **Projected yield of 0.24 MLD (240,000 litres per day) utilising salt water reverse osmosis (SWRO) technology.**

PENANG, Saturday, 22.11.2025: Works are under way to revive a pilot desalination project at Pulau Aman that can produce 0.24 million litres per day (MLD) of potable water.

The key details of the Pulau Aman Desalination Project (PADP) are as follows:

1.	Projected cost	RM3.81 million
2.	Targeted completion	15 June 2026
3.	Status of work (22.11.2025)	26.61%
4.	Supply area	Pulau Aman
5.	No. of consumers	94
6.	Maximum designed treatment capacity	0.24 MLD
7.	Core technology	Salt water reverse osmosis (SWRO)
8.	Targeted water quality	Compliance with World Health Organisation (WHO) and Ministry of Health (MOH) for drinking water.

Please note that the PADP is a pilot project. The objective is to build and operate a small, state-of-the-art and functional desalination plant that may tap sea water (as a raw water resource) to produce good quality treated water in Penang.

As such, this pilot plant will only supply potable water to a small community of Penang water consumers on Pulau Aman.

The PADP will help to train PBAPP personnel on the processes of safely desalinating salt water for public water supply applications.

The projected cost of the PADP is RM3.81 million, primarily because this is not a “ground-up project”. It is a “revival project”.

Background

In 2015, PBAPP started work on a pilot desalination project here. In 2019, that project was completed. However, the desalinated water produced failed to meet the safe parameters for boron and total dissolved solids content.

PBAPP will not supply unsafe water in Penang. Over the past 5 years, engineering plans were proposed, revised and approved to upgrade and revive the project. Work on the PADP commenced from 16 June 2025.

Desalination: pros and cons

Desalination represents an alternative water supply solution for Penang in the future. However, the following basic considerations must be borne in mind:

	Pros	Cons
1.	Theoretically, Penang (an island state) has access to an “unlimited” volume of sea water as a raw water resource.	Potentially high capital expenditure (CAPEX) for a desalination plant: 2-3 times more than a conventional water treatment plant.
2.	Lower risks of water supply issues due to climate change: Desalination is not dependent on rainfall.	High operational expenditure (OPEX): About 3.5kWh of electrical power to produce 1m ³ of desalinated water in Singapore.
3.	Diversification of water supply options: Lower dependence on fresh water from Sungai Muda and other rivers.	Power supply availability: A desalination plant must be supported by high capacity power infrastructure and stable power supply.
4.	Strategic deployments are possible: Desalination plants may be scaled up or down. Penang also has the option to deploy desalination only when it is needed, only where it is needed.	Brine disposal: The by-product of desalination is a highly concentrated salt solution called “brine”. It is highly corrosive. Exposure may be fatal to wildlife and marine life.

In Singapore, the Public Utilities Board (PUB) uses desalination technology to produce potable water for public supply. PUB regards desalination as its “4th national tap”.

Although it has achieved a significantly higher level of water security than Penang, Singapore’s average domestic water rate is SGD3.24 (RM10.32) per m³ for the first 35m³ per month in 2025. In comparison, Penang’s equivalent domestic rate is RM0.86 per m³.

Today, there is a big difference in “domestic water price” in Penang and Singapore. Other than importing water from Johor and treating fresh water conventionally, PUB also deploys desalination and water recycling technologies to achieve stable, secure and relatively “climate change-proof” public water supply.

In Penang, PBAPP has been focusing only on conventional water treatment since 1999, in the interests of “cost-efficiency” and the “lowest water rates possible”. However, Penang is running out of additional fresh water resources to tap; and its water consumption continues to grow in pace with rapid socioeconomic developments.

When we think about the future, Penang also has to start off somewhere on the path of desalination. When the PADP is operational in June 2026, it will represent Penang’s first concrete step towards using desalination as a strategic water supply solution.

23 DECEMBER 2025

PRESS STATEMENT

Media Release

DATO' Ir. PATHMANATHAN K.
CEO, PBAPP and PBA Holdings Bhd.

PENANG DAMS AT OPTIMAL LEVELS (90%+) AHEAD OF NEXT DRY SEASON

	Effective capacities 2025		
	23.12.2025	Lowest in 2025	1.1.2025
Teluk Bahang Dam	98.9%	45.3% on 11.4.2025	61.7%
Air Itam Dam	93.4%	49.1% on 14.8.2025	76.7%
Expanded Mengkuang Dam (EMD)	92.2%	90.0% on 24.1.2025	91.2%

PENANG, Tuesday, 23.12.2025: For the first time since 2017, the effective capacities of both the Air Itam Dam and Teluk Bahang Dam are higher than 90% in late December.

Meanwhile, the reserves of the Expanded Mengkuang Dam (re-opened in January 2021 after its effective capacity was upgraded by 393%) is also above the 90% mark.

This means that the effective capacities of all 3 major dams in Penang are at optimal levels as at 23.12.2025, ahead of the next dry season which is expected to commence in January 2026.

The primary factor behind the optimal statuses of the dams is a high volume of rainfall in dam water catchment areas (WCAs) in the period September – November 2025, primarily due to the North-East monsoon season augmented by a La Niña climate phenomenon.

Rainfall recorded in water catchment areas (WCAs)	1.9.2025 – 30.11.2025	1.12.2025 – 23.12.2025	Total
Teluk Bahang Dam	1,265mm	22mm	1,287mm
Air Itam Dam	744mm	48mm	792mm
Expanded Mengkuang Dam (EMD)*	1,864mm	150mm	2,014mm

* The EMD is a “pumped water storage scheme” which is primarily refilled with raw water from Sungai Kulim during wet seasons.

The secondary factors are PBAPP’s implementation of:

- The Air Itam Dam Action Plan (AIDAP) to support efficient refilling of the 2,159 million litre (ML) dam. To minimise drawdowns, PBAPP pumped water into the Air Itam and Farlim service areas from the Sungai Dua Water Treatment Plant (WTP) on the mainland and optimised raw water abstraction from 2 secondary intakes (Main’s Intake and Tat’s Intake). Please note that the effective capacity of the Air Itam Dam dipped to 49.1% in August 2025 after a dry spell.

Press Statement (Cont'd)

- Strategic refilling of the 18,240ML Teluk Bahang Dam with raw water channelled from 2 other WCAs (the Batu Ferringhi WCA and the Sungai Pinang WCA). PBAPP also optimised usage of raw water from Batu Ferringhi to support the operations of the Batu Ferringhi WTP to minimise drawdowns. Please note that the effective capacity of the Teluk Bahang Dam dropped to 45.3% in April 2025 when there was low rainfall in its WCA.
- On-going protocols to maximise raw water abstraction from Sungai Muda and minimising drawdowns from the 86,400ML EMD, except during emergency or crisis scenarios. As such, the effective capacity of the EMD has been generally consistent all year-round.

With Sungai Muda river levels ranging between 2.15m and 2.56m at the Lahar Tiang Intake so far this month, PBAPP has been abstracting raw water efficiently to support treated water operations at the Sungai Dua WTP. The “safe” abstraction level for PBAPP is 2.0m.

Meanwhile, the capacities of the Muda Dam and Beris Dam in Kedah that are built to release water into Sungai Muda have reportedly recovered to 97.5% and 99.2% respectively on 18.12.2025.

Optimal dam levels: historical context

Water-wise, Penang is in its best position in 8 years to face the next dry season.

The previous time when both the Air Itam Dam and Teluk Bahang Dam recorded 90%+ effective capacities on 21st December (before the January dry season) was 8 years ago. The effective capacities of the Air Itam Dam and Teluk Bahang Dam were 93.9% and 99.3% respectively on 21.12.2017.

Please refer to “Appendix A” for a chart traces the effective capacities of Penang’s 3 major dams in December, from 2017 to 2025.

Looking ahead

The favourable statuses of Penang’s 3 major dams augur well for the state’s water supply status towards the festive celebrations of Christmas 2025 and New Year 2026.

However, kindly note that rainfall in Penang has been tapering off in December 2025. Weather forecasts indicate that the 2026 year-start dry season will kick off sometime in the second week of January.

The months of February and March 2026, when Penangites will celebrate Thaipusam, Chinese New Year and Hari Raya Aidilfitri, have been forecast to be dry months.

We anticipate significant drawdowns from the Air Itam Dam and Teluk Bahang Dam to support all festivities and the arrivals of out-of-town guests and tourists. Hopefully, there will be some rainfall in April and May 2026 to replenish our dam reserves.

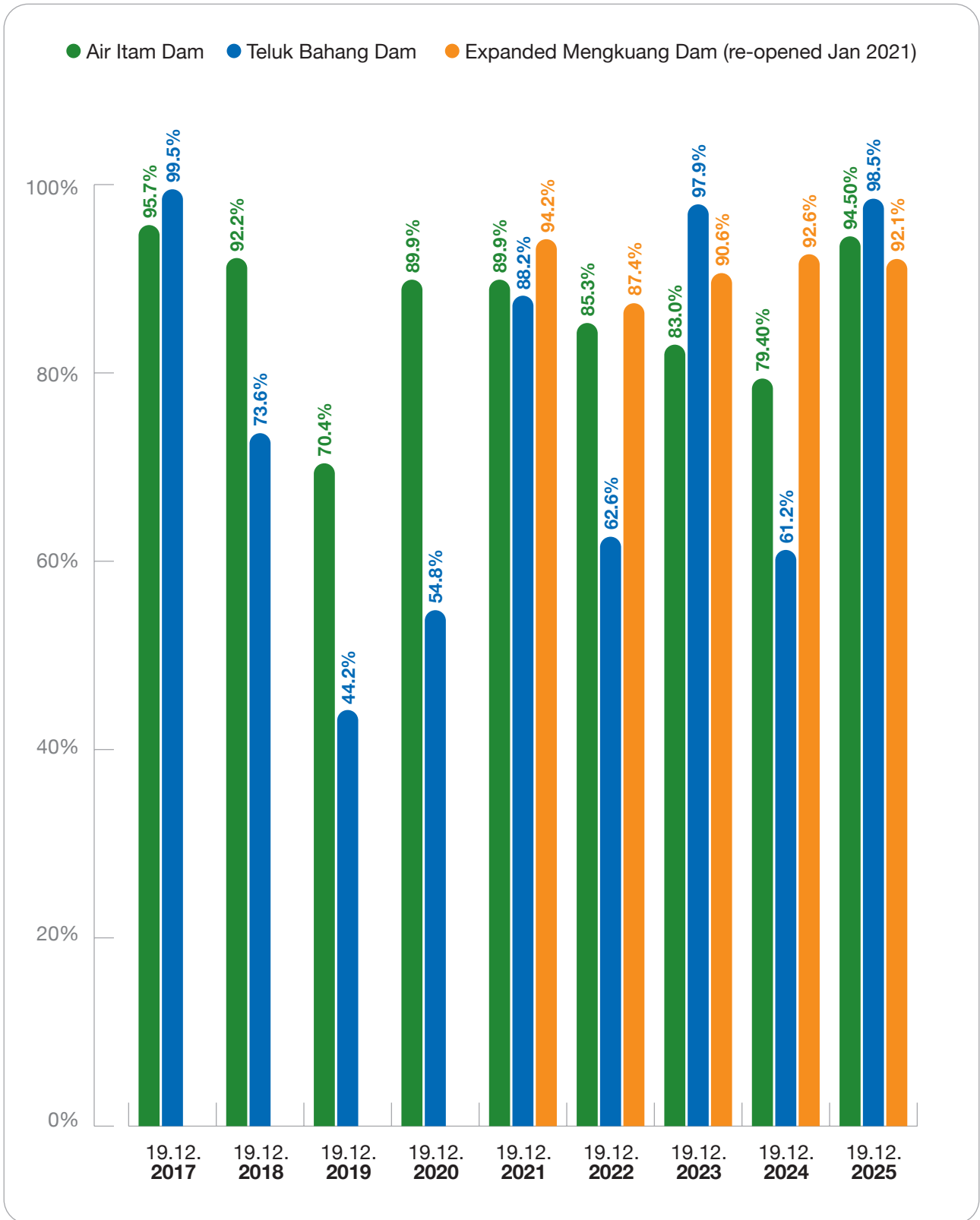
Please continue to use water wisely

While wishing Penangites a Merry Christmas 2025 and a Happy New Year 2026, PBAPP would also like to remind all water consumers to use water wisely in Penang.

Although Penang is presently in a favourable position in terms of dam water reserves, we are still a water-stressed state that is highly dependent on only one raw water resource (Sungai Muda) for now. We do not know how climate change may affect water supply operations in Penang in 2026.

Consumers who use water wisely at home will also save money off their water bills. For practical water saving tips, please visit www.pba.com.my.

Appendix A: PENANG DAM EFFECTIVE CAPACITIES IN DECEMBER



CORPORATE CALENDAR 2025

23 FEBRUARY 2025

SUNGAI DUA DEWATERING PLANT OPENING CEREMONY

The new Sungai Dua Dewatering Plant (SDDP) will enable the proper handling of water treatment plant (WTP) residue in compliance with DOE regulations at a fraction of conventional disposal costs.

The official opening of the Sungai Dua Dewatering Plant (SDDP) resolves a 16-year-old issue in an environment-friendly and cost-effective manner.

The new RM20 million facility in the Sungai Dua Water Treatment Plant (WTP) was officially opened by Penang Chief Minister, YAB Tuan Chow Kon Yeow, and attended by PBAHB and PBAPP Board of Directors and other state government top officials. The SDDP will dewater, process and dispose of WTP residue every day without compromising the environment. Every WTP that employs conventional water treatment technology generates WTP residue as a by-product of its operations.

Since 2009, the Department of Environment (DOE) has urged all Malaysian water supply operators (including PBAPP) to dispose WTP residue in a “Class 4 Sanitary Landfill” which almost all Malaysian water supply operators have not complied due to the high disposal costs involved.

The SDDP was built by Alam Aliran Kualiti Sdn Bhd (AAK), a scheduled waste management and wastewater treatment company.



MoU PBAR - PERDA

PBA Resources Sdn Bhd (PBAR) and the Penang Regional Development Authority (PERDA) renewed their Memorandum of Understanding (MoU) to continue the smart partnership program by offering water industry competency training to rural youth in Penang.

The previous MoU was signed with PERDA on 27 September 2021 and expired on 26 September 2024, for a 3-year agreement. The first MoU was on 27 September 2019 for a period of two years.

The MoU was signed by PBA Holdings Bhd CEO who is also PBA Resources Sdn Bhd Director, Dato' Ir. Pathmanathan K and Dato' Mohd Asri bin Baharum on behalf of PERDA.

50 participants have been identified to undergo the Malaysian Skills Certification (SKM) programme in Water Treatment and Water Distribution (Level 2).

They comprise of SPM school leavers, individuals from the B40 (low-income) group, as well as army personnel who are in a six (6)-month transition period prior to retirement.



STATE-LEVEL WORLD WATER DAY 2025

The State-level World Water Day was held at Air Itam Dam on 3 May 2025, officiated by the Penang Chief Minister, YAB Tuan Chow Kon Yeow.

YAB Tuan Chow was welcomed by Ir. Pathmanthan K. CEO of PBA Holdings Bhd & PBAPP, and Prof. Emeritus Dato' Dr. Chan Ngai Weng, Chairman of Water Watch Penang, upon his arrival.

In his speech, YAB Tuan Chow emphasised on the best reason to save water is to save money as lower water consumption means cheaper water bills and Penangites should use water wisely, like they use petrol, electricity, telecommunications services and cooking gas.

When most people are naturally prudent when it comes to managing monthly expenses, this Penang mindset should also be applied to water consumption. Although the bi-monthly PBAPP water bills are significantly less expensive than other household bills, every bit of savings should be counted.

Thus, he urged Penangites to support Penang's 250 LCD target for 2025 because it is the smart and sensible thing to do.

PBAPP CEO, Dato' Ir. Pathmanathan also made the appeal to Penangites to reduce their water consumption at this event and support the 250 LCD: PENANG DOMESTIC WATER SAVING TARGET 2025

PBAPP's teams from the Quality, Safety, and Health (QSH) and Customer Service departments actively engaged in promoting water conservation efforts. They distributed informative brochures on water-saving techniques and provided free PBAPP water-saving thimbles to encourage practical water-saving habits among attendees.



MENGGUANG DAM WTP GROUND-BREAKING CEREMONY

Penang Chief Minister, YAB Tuan Chow Kon Yeow officiated the ground-breaking ceremony of the RM250 million Mengkuang Park Water Treatment Plant (WTP), which is located just about 550m away from the Expanded Mengkuang Dam in Seberang Perai Tengah (SPT).

The new WTP will have a maximum design capacity of 114 million litres per day (MLD). It is scheduled for completion in November 2026. This is the first water treatment plant to tap an additional raw water resource for Penang in 26 years. Back in 1999, the late Tun Abdullah bin Ahmad Badawi, the 5th Prime Minister of Malaysia, opened the Teluk Bahang Dam. The Teluk Bahang Dam has since served as the primary raw water resource for the Batu Ferringhi WTP.

That was the last time a new WTP was built to tap an additional raw water resource for Penang. Mengkuang Park WTP marks the beginning of a new era of water supply management in Penang as PBAPP is decentralising its water treatment operations. The aim is to “localise” treated water production for local supply and fully utilise all available conventional raw water resources.

The ground-breaking ceremony marks the commencement of works for the WTP, which is the 3rd of 8 projects under PBAPP’s Water Contingency Plan 2030 (WCP 2030).



PBAHB ANNUAL GENERAL MEETING 2025

PBA Holdings Bhd held its 25th Annual General Meeting (AGM) on June 26, 2025, at Hotel Jen, Penang. During the PBAHB AGM, shareholders approved a final dividend of 2.25 sen per share.

The entitlement date was set at 15.7.2025. The projected total payout to 7,157 shareholders will be RM7.5 million on 1.8.2025. 2025 marks the 24th consecutive year in which PBAHB will pay dividends to its shareholders.

In 2024, PBAHB and its wholly owned subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), set a new record achieving a net profit of RM144.167 million which was the highest net profit in the 26-year history of the PBA Group of Companies. The record net profit was primarily generated from a Penang water rate review that was implemented from 1.2.2024.

However, please note that PBAPP must invest about RM2.099 billion to complete 6 new water supply infrastructure projects under the Water Contingency Plan 2030 (WCP 2030). In addition, PBAPP's projected capital expenditure (CAPEX) for upgrading existing infrastructure is RM86.8 million in 2025.



SUKUK SIGNING CEREMONY

Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) marked a historic milestone with the official launch of its inaugural RM5.0 billion Islamic Medium-Term Notes (IMTN) Programme and its Sustainable Finance Framework – making it the first Penang state Government-Linked Company to establish both the Sukuk Programme and the Sustainable Finance Framework.

The IMTN Programme is based on the Shariah-compliant Sukuk Wakalah structure, and positions PBAPP to raise medium to long-term financing through the Malaysian capital markets in a sustainable and scalable manner.

During the signing ceremony, PBAPP marked its collaboration with Maybank Investment Bank Berhad and United Overseas Bank (Malaysia), who have been appointed as the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for the Sukuk Programme. The occasion was witnessed by Penang Chief Minister, YAB Tuan Chow Kon Yeow, together with Group CEO Global Banking Maybank, Dato' John Chong and UOB Malaysia CEO Ng Wei Wei.

The proceeds of the Sukuk Wakalah will be used to support PBAPP's Water Contingency Plan 2030 (WCP 2030), broader capital expenditure (CAPEX) and operating expenditure (OPEX), and refinancing needs and other eligible green and social initiatives under the Sustainable Finance Framework.



THE EDGE CENTURION CLUB AWARD 2025

PBA Holdings Bhd (PBAHB) has received two awards for outstanding achievements from The Edge, a leading and reputable Malaysian financial news organisation.

These “The Edge Centurion Club Awards 2025” are for “Highest Growth in Profit After Tax (PAT) over 3 years” and “Highest Returns to Shareholders over 3 years” in the telecommunications, media and utilities category for public-listed companies with a market capitalisation below RM1 billion. PBAHB is the holdings company for PBAPP. PBAPP is the licensed holistic water supply operator that serves the State of Penang.

YB Senator Tengku Datuk Seri Zafrul Abdul Aziz, the then Minister of Investment, Trade and Industry, handed over the awards to PBAHB CEO, Dato’ Ir. Pathmanathan K who led a PBAHB delegation during a dinner event in The Hilton Kuala Lumpur.

PBAHB has been rewarding its shareholders annually since its public listing on the Main Board of Bursa Malaysia in 2002. This year marks the 24th consecutive year in which the company has paid dividends to them. The 2025 “highest return to shareholders over 3 years” award is the 3rd award of its kind that PBAHB has received from The Edge. We won similar awards in 2019 and 2023.

The “highest PAT over 3 years award” is a new award for PBAHB. Since water supply is a tightly regulated public service industry in Malaysia, PBAHB is not primarily a profit-driven company. Nevertheless, it shows that a professional, responsible and financially sound water supply organisation may occasionally top the charts in profitability as a public-listed company.



12 SEPTEMBER 2025

LOYAL SERVICE AWARD NIGHT 2025

PBAPP's Loyal Service Award Night 2025 took place at The Light Hotel, Seberang Jaya on September 12, 2025, with YB Dato' Dr. Mohamad bin Abdul Hamid as the guest of honour. During the event, YB Dato' Dr. Mohamad presented BSN bank savings certificates and Loyal Service Awards to 69 PBAPP employees who had dedicated 20, 25, and 30 years of service to PBAPP and its predecessor, Pihak Berkuasa Air. There was no recipient for 35 years of service for the year.

In his address, YB Dato' Dr. Mohamad expressed gratitude to everyone at PBAPP for their dedication to excellent public service, particularly acknowledging the longstanding employees who have remained loyal to both PBAPP and Penang. Recognition to the employees is for quality of work that has been shown by the employees because quality employees are the main asset of an organization.

On behalf of the State Government, he expressed his appreciation to all PBAPP personnel for the services rendered.

This effort also reflects the spirit of Malaysia MADANI, which emphasises the values of sustainability, well-being and compassion in every service delivered to the rakyat. With loyal and dedicated PBAPP staff, Penang will continue to progress as a prosperous, green and resilient state.



COLLECTIVE AGREEMENT SIGNING CEREMONY

PBAPP and its three unions, namely PBAPP Executive Union, Staff Union and Industrial and Manual Group (IMG) Union signed a Collective Agreement (CA) which took effect for the period from 1 January 2024 to 31 December 2026.

PBAPP CEO, Dato' Ir. Pathmanathan K and Head of Human Resource Division, Dato' Mohd. Zulkifli Abdul Hamid signed on behalf of PBAPP and the unions was represented by their presidents. Penang Chief Minister, YAB Tuan Chow Kon Yeow as witness for the CA Signing Ceremony.

This marks the second CA for the Executive Union and the ninth for the Staff Union and the IMG Union.

This CA is the key KPI for 2025, as in any organisation, the most fundamental matters are the salaries and benefits to be received by employees. These must comply with legal requirements and also be aligned with current market conditions.



2 OCTOBER 2025

ZAKAT PRESENTATION CEREMONY AT THE LIGHT HOTEL

Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) for the very first time has handed over business zakat amounting to RM100,000 to the Penang State Islamic Religious Council (MAINPP) in an official ceremony held at The Light Hotel, Seberang Jaya.

The zakat handover was officiated by Dato' Ir. Pathmanathan K, Chief Executive Officer of PBAPP and PBA Holdings Bhd, to YB Dato' Dr. Mohamad Abdul Hamid, Deputy Chief Minister I of Penang who is also the Chairman of Zakat MAINPP.

Also present were members of the Board of Directors of PBAHB and MAINPP, as well as Mr. Mohamad Kairi bin Ghazalli, Chief Executive Officer of Zakat MAINPP.

In his speech, Dato' Ir. Pathmanathan expressed his gratitude that for the first time since PBAPP was corporatised in 1999, the company has successfully fulfilled its business zakat obligation.



6 OCTOBER 2025

CSR – PBAPP RM2 MILLION TO STATE – 2024 & 2025

PBAPP has handed over a RM4 million cheque for the Infrastructure Maintenance Intervention Programme (PRIHATIN), as a corporate social responsibility (CSR) gesture in support of an initiative to improve water supply for residents of low-cost apartment.

Dato' Ir. Pathmanathan K. (CEO of PBAHB & PBAPP) presented the cheque to Pn Nadzifah binti Abdul Rahim, Chief Legal and Enforcement Officer of LPNPP. The Chief Minister of Penang, YAB Tuan Chow Kon Yeow, witnessed the cheque handover at Komtar.



PBAPP's RM4 million CSR contribution, which comprises RM2 million for 2024 and RM2 million for 2025, will be allocated to projects under the PRIHATIN programme.

The PRIHATIN programme is a joint initiative involving LPNPP, Penang Island City Council (MBPP), Seberang Perai City Council (MBSP) and PBAPP. The scope of works under PRIHATIN covers various water infrastructure repairs, including the repair and replacement of existing tanks and pipes. New construction works may include the installation of suction tanks or the building of pump houses, subject to the outcome of technical inspections and the official approvals of the local authorities.

MWA ANNUAL DINNER AND AWARDS NIGHT 2025

PBAPP has received the “Malaysia Water Award for Management 2025” from the Malaysia Water Association (MWA) which recognises “exceptional leadership in water supply management”.

YAB Dato’ Sri Haji Fadillah bin Haji Yusof, Deputy Prime Minister of Malaysia and Minister of Energy Transition and Water Transformation (PETRA), handed the award to Penang Chief Minister and PBAPP Chairman YAB Tuan Chow Kon Yeow. YAB Tuan Chow led a PBAPP delegation to the MWA Annual Dinner and Awards Night 2025 in Kuala Lumpur.

The MWA Management Award may be given to an outstanding water organisation or individual. In 2025, this prestigious award “landed” in Penang for the fourth time. In 1994, the late Datuk Ir. Kam U-Tee, the first General Manager of Pihak Berkuasa Air (PBA) received the MWA Award for Management.

In 2001, PBAPP won the award after a successful corporatisation exercise under the leadership of General Manager Dato’ Ir. Liew Chook San.

In 2018, MWA gave the award to Dato’ Seri Ir. Jaseni Maidinsa, who was then serving as the CEO of PBAPP and PBA Holdings Bhd. Dato’ Seri Ir. Jaseni is now the Chairman of Pengurusan Aset Air Berhad (PAAB).



MWIC INNOVATION AWARDS

A project to recycle water treatment residue (WTR) as a building material and constantly harvest “supernatant water” at the Sungai Dua Water Treatment Plant (WTP) won a “gold award” in the Circular Economy & Water Reuse category, at the Malaysian International Water Convention 2025 (MIWC 2025).

PBAPP’s “Zero Waste Recycling Project” at Penang’s largest water treatment plant represents an innovative approach to tackle the issue of safely handling WTR, which has been classified as a SW204 (a scheduled waste) by the Department of Environment (DoE) since 2009. As such, DoE has directed all Malaysian water supply operators to dispose of SW204 in “Class 4 Sanitary Landfills” (C4SLs), the nearest of which is located in Selangor.

PBAPP decided to pursue a more environment-friendly, cost-effective and sustainable recycling solution – processing and recycling WTR as a raw material to make cement bricks.



PBAPP WINS INTERNATIONAL AWARD FOR “BEST MAINTENANCE” FOR TELUK BAHANG DAM

PBAPP has won an international award for “Best Dam Maintenance” in regard to the Teluk Bahang Dam. The award for “Best Dam Maintenance” was issued by the 3rd International Conference on Dam Safety Management and Engineering 2025 (ICDSME 2025) on 5.11.2025, in recognition of PBAPP’s outstanding commitment and excellence.



This award recognises PBAPP’s efforts in managing and maintaining the Teluk Bahang Dam as one of the safest functional dams in Malaysia, based on the status of the dam today.

The Teluk Bahang Dam was officially opened in 1999 by the late Tun Abdullah Ahmad Badawi who was then serving as Deputy Prime Minister of Malaysia. It has a maximum effective capacity of 18,240 million litres (ML) and was built to specifically meet the water needs of the beach front tourist belt and residential areas in the northern areas of Penang Island.



The dam’s service area encompasses Teluk Bahang, Batu Ferringhi, Tanjung Bungah and Tanjung Tokong. With a maximum water surface area of 0.95 sq. km, the Teluk Bahang Dam is primarily refilled by rainfall in a 9.84 sq. km water catchment area in its immediate vicinity.

6 NOVEMBER 2025

PERAK-PENANG WATER PROJECT MOU SIGNING CEREMONY

Perbadanan Bekalan Air Pulau Pinang (PBAPP) together with Perbadanan Kemajuan Negeri Perak and Gamuda JV (PKNPk-Gamuda JV) have signed a landmark Memorandum of Understanding (MoU) for the sales of excess treated water from the Northern Perak Water Supply Scheme (NPWSS) to Penang.

The broader NPWSS is a strategic project to transfer 1,500 MLD of raw water from Sungai Perak to the Bukit Merah Dam, addressing demands for irrigation, domestic and industrial use, including the upcoming Kerian Integrated Green Industrial Park (KIGIP).

The MoU formalises the collaboration between the supplier, the PKNPk-Gamuda JV (Perak's state-approved operator) and the buyer, PBAPP (Penang's water operator). The signing ceremony, held in Meru, Perak, was witnessed by Dato' Seri Saarani Muhamad, Menteri Besar of Perak and YAB Chow Kon Yeow, Chief Minister of Penang, alongside key officials from both State governments.

Penang is committed to solving the state's long-term water supply issues, and this landmark agreement with Perak, is a vital breakthrough for Penang's water security. This agreement essentially secures a reliable source for long-term treated water at an affordable rate. Penang now has increased diversification of our water supply sources and a reduced reliance on Sungai Muda.



22 NOVEMBER 2025

TECHNICAL VISIT BY YAB CM TO DESALINATION PLANT AT PULAU AMAN, SPS

Chief Minister of Penang, YAB Tuan Chow Kon Yeow visited Penang’s first desalination plant for public water supply which is scheduled to be operational from June 2026.

The 0.24 million litre per day (MLD) plant will serve a small community of 94 water consumers on Pulau Aman, a small island off the southern coast of Penang Island.

In 2015, PBAPP started work on a pilot desalination project in Pulau Aman. In 2019, that project was completed. However, the desalinated water produced failed to meet the safe parameters for boron and total dissolved solids content.

PBAPP will not supply unsafe water in Penang. Over the past 5 years, engineering plans were proposed, revised and approved to upgrade and revive the project. Work on the PADP commenced from 16 June 2025.



TEKAD CERTIFICATE PRESENTATION AT ST. GILES HOTEL

Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) is the first water operator in Malaysia and the first Penang State-linked company (GLC) to receive the *Drug-Free Workplace (TEKAD) Certification* from the National Anti-Drugs Agency (AADK). The recognition was presented during the TEKAD Certificate Presentation Ceremony held in Georgetown, Penang.

The ceremony was officiated by the Penang Chief Minister, YAB Tuan Chow Kon Yeow, together with AADK leadership and PBAPP's senior management.

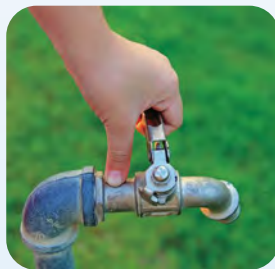
In his officiating remarks, the Chief Minister emphasised that PBAPP's successful completion of all TEKAD programme requirements is clear evidence of the organisation's seriousness in strengthening workplace safety and integrity.



WATER SAVING TIPS



1
Never leave a tap running.



2
Teach your children to shut taps properly.



3
Fix all leaking taps, pipes or toilet systems in your home immediately.



4
Avoid using a hose as far as possible. Hosing usually wastes water.



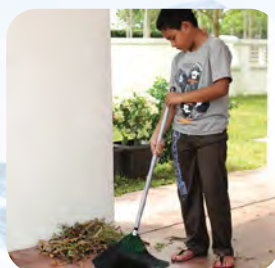
5
Wash your car or motorcycle less often. Use a bucket and a damp cloth or sponge.



6
Water your plants with a watering can. Water your plants at the roots, not the leaves.



7
Mop your floor instead of using a hose or splashing water from a bucket.



8
Sweep your porch or driveway outside your home instead of using a hose.



9
Turn off the tap when brushing your teeth. Turn it on only to rinse.



10
Turn off the shower when you are soaping your body. Turn it on only to rinse.

AWARDS & CERTIFICATIONS

1991



Anugerah Kualiti

Awarded By :
Ketua Pengarah MAMPU

1993



Anugerah Khas Perkhidmatan Awam Anugerah Pengurusan Teknologi Maklumat

Awarded By : JPA



Anugerah Pejabat Terbaik Negeri Pulau Pinang

Awarded By :
Ketua Pengarah MAMPU



Anugerah Kualiti Ketua Menteri Pulau Pinang

Awarded By :
Kerajaan Negeri Pulau Pinang

1992



Anugerah Khas Perkhidmatan Awam Anugerah Pengurusan Kewangan

Awarded By : JPA

2001



MWA Outstanding Water Award for Management 2001

Awarded By :
The Malaysian Water Association

Silver Award - OSH Awards

Awarded By :
Malaysian Society for
Occupational Safety & Health



AWARDS & CERTIFICATIONS

2003



**ISO 9001 : 2015
Quality Management
System Certification**
Treatment and Supply of Potable
Water with Provision of Customer
Services

Accredited By : SIRIM QAS
International

2006



**Gold (Class II)
OSH Awards**

Awarded By :
Malaysian Society
for Occupational
Safety & Health



**OHSAS 18001 : 2007
OHS Management
System Certification**
Treatment and Supply of Potable
Water with
Provision of Customer Services

Accredited By : SIRIM QAS
International

2005



**ISO 14001 : 2015
Environmental
Management System
Certification**
Management and Treatment of
Raw Water and Supply of Potable
Water

- PBAPP (Headquarter)
KOMTAR
- Waterfall Water Treatment
Plant
- Batu Ferringhi Water
Treatment Plant
- Air Itam Water Treatment Plant
- Teluk Bahang Dam

Accredited By : SIRIM QAS
International

2008



MS ISO/IEC 17025 : 2017
Competent Testing PBA Central
Laboratory Sungai Dua Water
Treatment Plant

Accredited By : Standard
Malaysia

AWARDS & CERTIFICATIONS

2011



2011 WaterLinks Award
2011 International Award for Best Water Operator Partnership

Awarded By : WaterLinks

2015



CAFEO 33 Award

ASEAN Outstanding Engineering Achievement Award 2015
- PBAPP Sungai Dua Water Treatment Plant

ASEAN Outstanding Engineering Achievement Award 2015
- Dato' Ir. Jaseni Maidinsa

Awarded By :
ASEAN Federation of Engineering Organisations

2013



MS/ISO/IEC 27001 : 2013
Information Security Management System for the Management and Treatment of Potable Water at Sungai Dua Water Treatment Plant

Accredited By :
SIRIM QAS International

2016



Penang Green Office Award

Year : 2016

- KOMTAR Customer Care Centre
- Bayan Baru Customer Care Centre

Year : 2017

- Bukit Mertajam Customer Care Centre
- Taman Selat Customer Care Centre
- PBA Central Laboratory, Sungai Dua Water Treatment Plant

Awarded By : Penang Green Council



Inaugural KIA Awards

- Water Services Operator of the Year
- Efficiency Award

Awarded By :
Ministry of Energy,
Green Technology & Water



MSOSH Gold (Class II) Award
for Batu Feringghi Water Treatment Plant

Awarded By :
Malaysian Society for Occupational Safety & Health

AWARDS & CERTIFICATIONS

2017



**Champion Contingent
National Level Workers'
Day Gathering 2017**

Awarded By :
Ministry of Human Resources



**Champion Contingent
Private Sector & NGOs
Category Penang State
Level - 60th National Day
March**

Awarded By :
Penang State Government



**"Innovation Award"
1st Runner-Up**

"Conversion of Sungai Dua
Water Treatment Plant
Residue into Clay Bricks"

Awarded By :
International Greentech &
Eco Products Exhibition
& Conference Malaysia 2017.



**Innovation Award 2016
(Non-ICT Category)
Champion**

"Conversion of Sungai Dua Water
Treatment Plant Residue into
Clay Bricks"

Awarded By :
Penang State Government



**Champion Contingent
Maulidur Rasul
Celebration Event
Penang State Level**

Awarded By :
Penang State Government



**IKM Excellence
Award 2017
for Central Water Laboratory,
Sungai Dua Water Treatment Plant.**

Awarded By :
Institute Kimia Malaysia
(Malaysian Institute of Chemistry)



**Best Department
Achievement Incentive
(Insentif Pencapaian Terbaik Jabatan)**

Awarded By :
Penang State Government

AWARDS & CERTIFICATIONS

2018



National Level Workers' Day Gathering 2018 - 3rd Place

Awarded By :
Ministry of Human Resource



MSOSH Gold (Class 1) Award

- Batu Ferringhi Water Treatment Plant
- Bukit Toh Allang Water Treatment Plant

Awarded By :
Malaysian Society for Occupational Safety & Health



MWA Water Industry Achievement Award 2018 "Best Water Treatment Plant"

- Sungai Dua Water Treatment Plant

Awarded By :
Malaysian Water Association



Malaysia Water Award for Management 2018

- Chief Executive Officer, Dato' Ir. Jaseni Maidinsa

Awarded By :
Malaysian Water Association



Penang State Level - 61st National Day March

- 3rd Place - Private Sector & NGOs Category

Awarded By :
Penang State Government



Enterprise Risk Management Business Continuity Management

- Excellence Award 2018

Awarded By :
Tricor Roots Consulting



Distinguished Engineer Award

- Chief Executive Officer, Dato' Ir. Jaseni Maidinsa

Awarded By :
Institute of Engineers, Malaysia



Penang Green Office Awards

- PBAPP Corporate Affairs Division, KOMTAR
- PBAPP Human Resource Division, KOMTAR

Awarded By :
Penang Green Council



IKM EXCELLENCE AWARD 2018

for Central Laboratory, Sungai Dua Water Treatment Plant.

Awarded By :
Institut Kimia Malaysia (Malaysian Institute of Chemistry)



Best Department Achievement Incentive (Insentif Pencapaian Terbaik Jabatan)

Awarded By :
Penang State Government

AWARDS & CERTIFICATIONS

2019



Best Department Achievement Incentive (Insentif Pencapaian Terbaik Jabatan)

Awarded By :
Penang State Government



Anugerah Perdana Menteri Tokoh Mahir 2019

- Chief Executive Officer, Dato' Ir. Jaseni Maidinsa

Awarded By :
Ministry of Human Resources



Champion Contingent National Level Workers' Day Gathering 2019

Awarded By :
Ministry of Human Resources



Regional Convention on Team Excellence, Northern Region 2019 - Gold Award

Awarded By :
Malaysia Productivity Corporation



MSOSH OSH Gold Merit Award

- Batu Ferringhi Water Treatment Plant

Awarded By :
Malaysian Society for Occupational Safety and Health (MSOSH)



MSOSH OSH Gold Class 1 Award

- Bukit Toh Allang Water Treatment Plant

Awarded By :
Malaysian Society for Occupational Safety and Health (MSOSH)



Penang Top Achievers Award - Industry Excellence in Public Service

- PBAPP

Awarded By :
The Leaders Online



Masterclass - Icon of the Year

- Chief Executive Officer, Dato' Ir. Jaseni Maidinsa

Awarded By :
The Leaders Online



Employer Excellence Gold Award 2019

Awarded By :
Malaysian Employers Federation



The Edge Malaysia Centurion Club & Corporate Awards 2019

Highest Returns to Shareholders over Three Years in the Telecommunication, Media & Utilities sector

Awarded By :
The Edge Media Group



Penang Green Office Award

- PBAPP Level 33 (CFO Office, Finance Office & QSH Office)
- Jawi Customer Care Centre

Awarded By :
Penang Green Council



IKM Laboratory Excellence Award 2019

Awarded By :
Institut Kimia Malaysia

AWARDS & CERTIFICATIONS

2020



IKM Laboratory Excellence Award 2020

Awarded By :
Institut Kimia Malaysia

2022



IKM Laboratory Excellence Award 2022

Awarded By :
Institut Kimia Malaysia

2021



IKM Laboratory Excellence Award 2021

Awarded By :
Institut Kimia Malaysia

2023



The Edge Malaysia Centurion Club & Corporate Awards 2023

Telecommunications, Media & Utilities - Highest Growth In Profit After Tax Over Three Years

Awarded By :
The Edge Media Group



Penang Green Office Award

- Air Itam Water Treatment Plant
- Batu Ferringhi Water Treatment Plant
- Waterfall Water Treatment Plant
- PBAPP Central Laboratory

Awarded By :
Penang Green Council



IKM Laboratory Excellence Award 2023

Awarded By :
Institut Kimia Malaysia



Penang Green Office Award

- Bukit Mertajam Customer Care Centre
- Jawi Customer Care Centre
- Taman Selat Customer Care Centre
- PBAPP Level 33 (CFO Office, Finance Department & QSH Department)

Awarded By :
Penang Green Council

AWARDS & CERTIFICATIONS

2024



Project of the Year 2023 – 3rd Submarine pipeline

Awarded By :
Suruhanjaya Perkhidmatan Air
Negara (SPAN)



Seek People Purpose Awards 2024

Awarded By :
Jobstreet by seek



Anugerah Penghargaan kepada Polis Bantuan PBAHB

Awarded By :
PDRM



ESG Pioneer Award

Awarded By :
USM



IKM Laboratory Excellence Award 2024

Awarded By :
Institut Kimia Malaysia



ESG – Partnership for the Goals Recognition

Awarded By :
UN Global Compact – Network
Malaysia & Brunei



Special Recognition Award from Employees Provident Fund (EPF)

Awarded By :
EPF



Apresiasi Majikan Skim Sakinah 2024

Awarded By :
Zakat Pulau Pinang Majlis
Agama Islam Negeri Pulau
Pinang

AWARDS & CERTIFICATIONS

2025



The Edge Centurion Club Awards 2025 for
 (i) “Highest Growth in Profit After Tax (PAT) over 3 years” and
 (ii) “Highest Returns to Shareholders over 3 years”

Awarded By :
 The Edge Media Group



Malaysia Water Award for Management 2025

Awarded By :
 Malaysia Water Association (MWA)



Malaysian International Water Convention 2025 (MIWC) Gold Award for Zero Waste Recycling Project” at the Sungai Dua Water Treatment Plant

Awarded By :
 Malaysian International Water Convention 2025 (MIWC)



Penang Green Office Excellence Awards 2025

Awarded By :
 Penang Green Council



Best Dam Maintenance for Teluk Bahang Dam

Awarded By :
 International Conference on Dam Safety Management and Engineering 2025 (ICDSME 2025)



3-star” recognition from United Nations Global Compact Network Malaysia & Brunei (UNGCMYB).

Awarded By :
 United Nations Global Compact Network Malaysia & Brunei (UNGCMYB)



MSOSH AWARD for Excellence Occupational Safety and Health 2025 for BTA WTP - Gold Class 1

Awarded By :
 Malaysian Society for Occupational Safety and Health (MSOSH)



MSOSH AWARD for Excellence Occupational Safety and Health 2025 for Bukit Panchor WTP – Gold Class 2

Awarded By :
 Malaysian Society for Occupational Safety and Health (MSOSH)



MSOSH AWARD for Excellence Occupational Safety and Health 2025 for Batu Ferringhi WTP – Gold Class 2

Awarded By :
 Malaysian Society for Occupational Safety and Health (MSOSH)



IKM Laboratory Excellence Award 2025

Awarded By :
 Institut Kimia Malaysia

PBAPP

BOARD OF DIRECTORS



YAB Tuan Chow Kon Yeow
Non-Executive Chairman

PBAPP

BOARD OF DIRECTORS



**YB Dato' Dr. Mohamad
bin Abdul Hamid**
Non-Executive Deputy Chairman



**YB Tuan Jagdeep Singh Deo
a/l Karpal Singh**
Non-Executive Director

PBAPP

BOARD OF DIRECTORS



YB Dato' Seri Haji Zulkifli bin Long
Non-Executive Director



YB Dato' Haji Zairi bin Haji Mat Ali
Non-Executive Director

PBAPP

BOARD OF DIRECTORS



YB Tuan Zairil Khir Johari
Non-Executive Director



YB Tuan Gooi Hsiao-Leung
Non-Executive Director

PBAPP

BOARD OF DIRECTORS



YB Dato' Haji Rashidi bin Zinol
Non-Executive Director



YB Tuan Teh Lai Heng
Non-Executive Director

PBAPP

BOARD OF DIRECTORS



YB Cik Tan Hooi Peng
Non-Executive Director

C SUITES AND DIVISION HEADS



**DATO' Ir. PATHMANATHAN
A/L KRISHNAN KUTTY RAMAN NAIR**
Group Chief Executive Officer



Ir. ROSYIDI BIN LAT
Group Chief Operating Officer



Dr. MARY ANN HARRIS
Group Chief Financial Officer



**DATO' MOHAMMAD ZULKIFLI BIN
ABDUL HAMID**
Head of Human Resource Division



PUAN JOYCE LEE SWAN IMM
Head of Corporate Affairs Division

C SUITES AND DIVISION HEADS



Ir. ROSYIDI BIN LAT

Ir. Rosyidi bin Lat, aged 49, male, a Malaysian citizen, was appointed as Group Chief Operating Officer on 01 April 2024.

Ir. Rosyidi bin Lat holds a Bachelor of Engineering (Civil) from Universiti Teknologi Malaysia.

He started his career as a Non-Revenue Water ("NRW") Engineer with Premier Ayer Bristol Water Sdn. Bhd. ("PABW") from 2000 to 2005. His role in PABW was to assist in reducing NRW Phase I at Northern Kedah (RM18 million) and Phase II at Northern Kedah, Pendang, Kubang Pasu and Kuala Nerang (RM73.4 million).

Between the years 2006 to 2010, he worked as a Project Engineer / Coordinator with Loyal Waste Water Engineering Sdn. Bhd. and Sepakateguh Engineers Sdn. Bhd. as a Project Engineer.

Thereafter, he joined PJS Utilities Sdn. Bhd. as a Project Manager supervising the NRW Project with a costing reduction target of 25% amounting to RM47 million and subsequently as a Resident Engineer for Jurutera Perunding Wibawa Sdn. Bhd.

Between the years 2010 to 2020, he held the position of Senior Manager of the Distribution & NRW Department at Syarikat Air Darul Aman ("SADA").

Prior to joining the Company, Ir. Rosyidi held the position of Senior Manager of Operations (Eastern Region) at SADA.

He does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2025.



Dr. MARY ANN HARRIS

Dr. Mary Ann Harris, aged 59, female, a Malaysian citizen, was appointed as Group Chief Financial Officer on 1 July 2014. As Group Chief Financial Officer, she heads the Board Secretariat, Financial, Information Technology, Investor Relations, Legal & Compliance and Risk Management functions of the Company.

Dr. Harris graduated with a Bachelor of Accounting (Honours) degree from the University of Malaya in 1992 and earned her MBA at Universiti Utara Malaysia in 1999. She received her Doctorate of Business Administration (DBA) from Universiti Sains Malaysia (USM) in 2008.

A Chartered Accountant (CA) and Fellow of CPA Australia (FCPA), she has over 30 years of experience in public practice, industry and commerce. She is also an ASEAN Chartered Professional Accountant (CPA). She was appointed as a Director of PBA Green Technology Sdn Bhd on 12 December 2018.

She does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2025.

C SUITES AND DIVISION HEADS



**DATO' MOHAMMAD
ZULKIFLI BIN ABDUL
HAMID**

Dato' Mohammad Zulkifli bin Abdul Hamid, aged 56 male, a Malaysian citizen, was appointed as PBAHB's Group Head of Human Resource Division on 1 April 2017. He is also PBAPP's Human Resource Division Head, overseeing Talent Management, Compensation & Benefits Section, Employee Relations Section, Welfare & Industrial Relations Section, Human Resource Development Section and the Auxiliary Police/Security Section.

Dato' Mohammad Zulkifli bin Abdul Hamid obtained his Bachelor of Science (Resource Economics) Majoring in Industrial Economics and Public Policy from Universiti Putra Malaysia and has over 31 years' experience in Human Resource and Industrial Relations. He has also been certified with Malaysian Skills Certificate for Human Resource Support Services (Level 3) by Department of Skills Development, Ministry of Human Resources, Malaysia. He was previously the Assistant Director of Industrial Relations (Industrial Relations Department, Ministry of Human Resources).

He has served as a Panel Member for the Industrial Court and has been appointed as a Consultant/ Advisor for many of PBAPP's training workshops for other Malaysian water operators over the years. He also was appointed as Chairman of Kumpulan Sumber Manusia Air SeMalaysia (MyWINHR) since December 2017.

He does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2025.



**PUAN JOYCE
LEE SUAN IMM**

Puan Joyce Lee Suan Imm, aged 60, female, a Malaysian citizen was appointed as Head of Corporate Affairs Division on 1 September 2015. She is assigned responsibility for effective and efficient procurement & logistics, customer service and quality safety & health for the PBAHB group of companies.

Puan Joyce Lee Suan Imm holds a professional degree in accounting from the Malaysian Institute of Certified Public Accountants (MICPA) and is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

She joined PBAPP in 2001 and held the position of Finance Manager until 2015.

She was previously from Ernst and Young Penang where she served for 15 years. She gained vast experience in financial (forecast, projection and due diligence) reviews and audits of private/public and multinational companies which involved in a wide variety of industrial and commercial businesses.

She does not hold any ordinary shares in the Company or its subsidiaries, has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2025.

KEY MANAGEMENT TEAM



Seated from left to right:

DATO' MOHAMMAD ZULKIFLI BIN ABDUL HAMID, *Head, Human Resource Division*

Dr. MARY ANN HARRIS, *Chief Financial Officer*

DATO' Ir. PATHMANATHAN K. *Chief Executive Officer*

Ir. ROSYIDI BIN LAT, *Chief Operating Officer*

PUAN JOYCE LEE SUAN IMM, *Head, Corporate Affairs Division*

Standing from left to right:

PUAN MARIAM BINTI ABD KADIR, *Head of Department, Planning & Development*

Dr. MOHD NIZAM BIN OMAR, *Head of Department, Customer Service*

Ir. KAMAL ASHRAFF BIN MOHAMAD ASHRAY, *Head of Department, Facilities*

PUAN SITI SUBAYDA BINTI S. M. MYDIN, *Head of Department, Information Technology*

ENCIK MOHAMED ABDULLAH BIN TAJUDIN, *Head of Department, Finance & Accounting*

ENCIK TEO KAH CHEONG, *Head of Department, Human Resource*

Dr. SHANMUGA SUNDARAM A/L MURUGASON, *Head of Department, Internal Audit*

ENCIK KHOR SOON SENG, *Head of Department, Production*

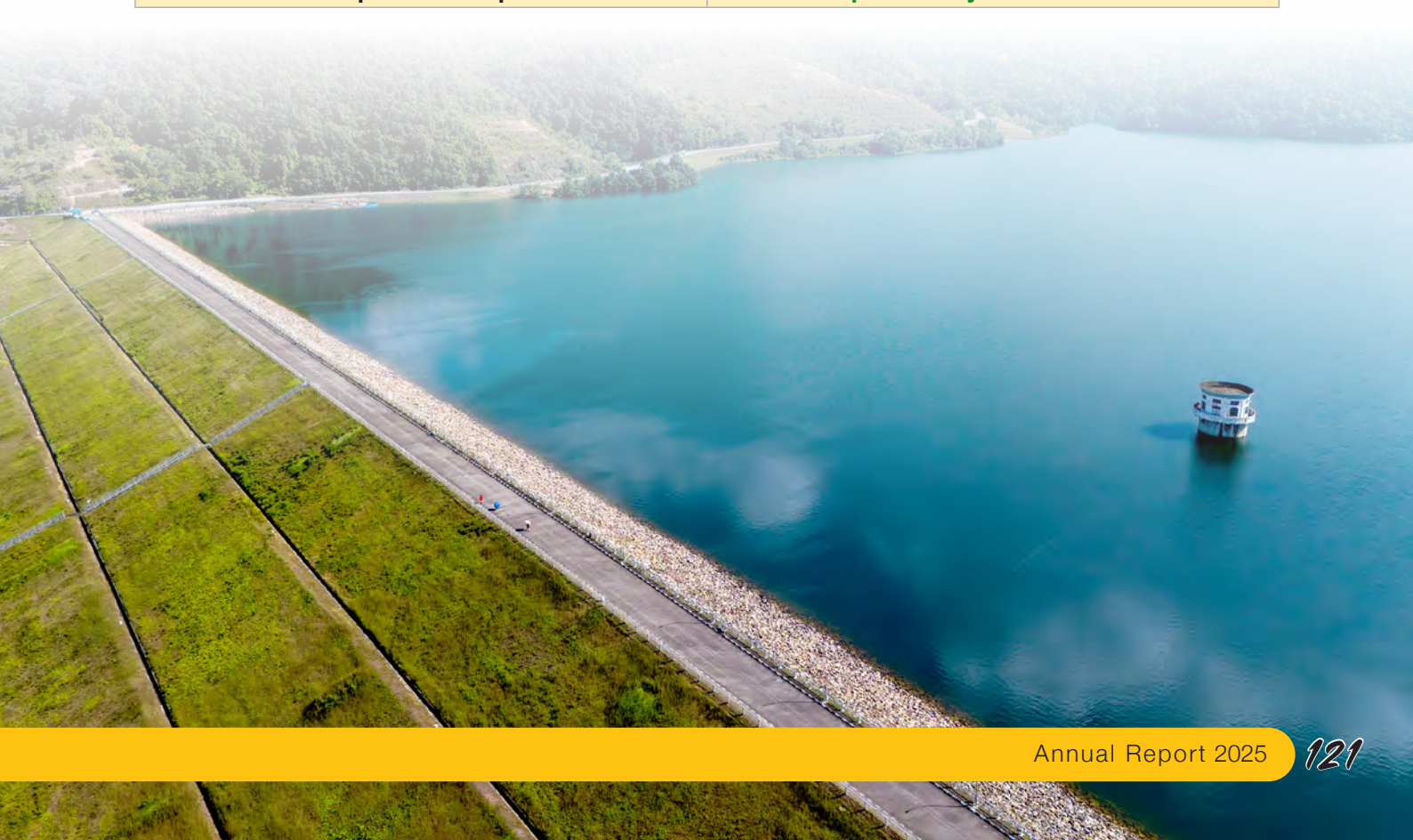
ChM. MAK KOK YUN, *Head of Department, Quality, Safety & Health*

Ir. Dr. TEAN SZE NEE, *Head of Department, Operations*

PENANG STATE

WATER SUPPLY STATISTICS 2025

Area of Penang State	1,158 sq. km
Population	1,803,300
Number of Registered Consumers	Domestic : 619,125 Trade : 101,941 Total : 721,066
Water Catchment Area	62.9 sq. km
Total Manpower	1,535
Number of Dams	4
Total Raw Water Storage Capacity	112,022 million litres
Number of Treatment Plants	10
Designed Capacity of Treatment Plants	1,732 million litres /day
Number of Customer Care Centres	9
Number of Treated Water Reservoirs	59
Number of Treated Water Towers	46
Number of Booster Pump Stations	102
Total Length of Pipes (100 mm and above)	4,836 km
Daily Supply of Treated Water	1,208 million litres / day
Daily Water Consumption	865 million litres / day
Percentage of Non-Revenue Water	28.4%
Domestic Consumption Per Capita	267 litres/person/day





2025: 1208 MLD
 2030: 1532 MLD
 2040: 1844 MLD
 2050: 2178 MLD

MLD: million litres/day

WORKING TODAY FOR TOMORROW

History shows that water consumption in Penang increases with population growth and socioeconomic development.

As we march on towards 2030 and beyond, PBAPP will have to invest billions of ringgit to upgrade Penang's water infrastructure for the future.

These investments will inevitably impact water rates in Penang in the future.

Water-wise, we cannot wait until there is a crisis before acting or reacting.

As such, PBAPP is planning and acting ahead of time. In 2030, 2040 and 2050, we must supply enough water to meet all of Penang's water needs.

Please think about Penang's future and your future. Please use water wisely at home and at work.



WATER TREATMENT PROCESS



● Raw Water



● Storage



● Service Reservoir



● Treatment

- Screening
- Addition of Chemicals
- Mixing
- Flocculation & Coagulation
- Sedimentation
- Filtration
- Clear Water Tank



● Treated Water Pumps



● Supply to Consumers

SUSTAINABILITY STATEMENT 2025

Statement Overview

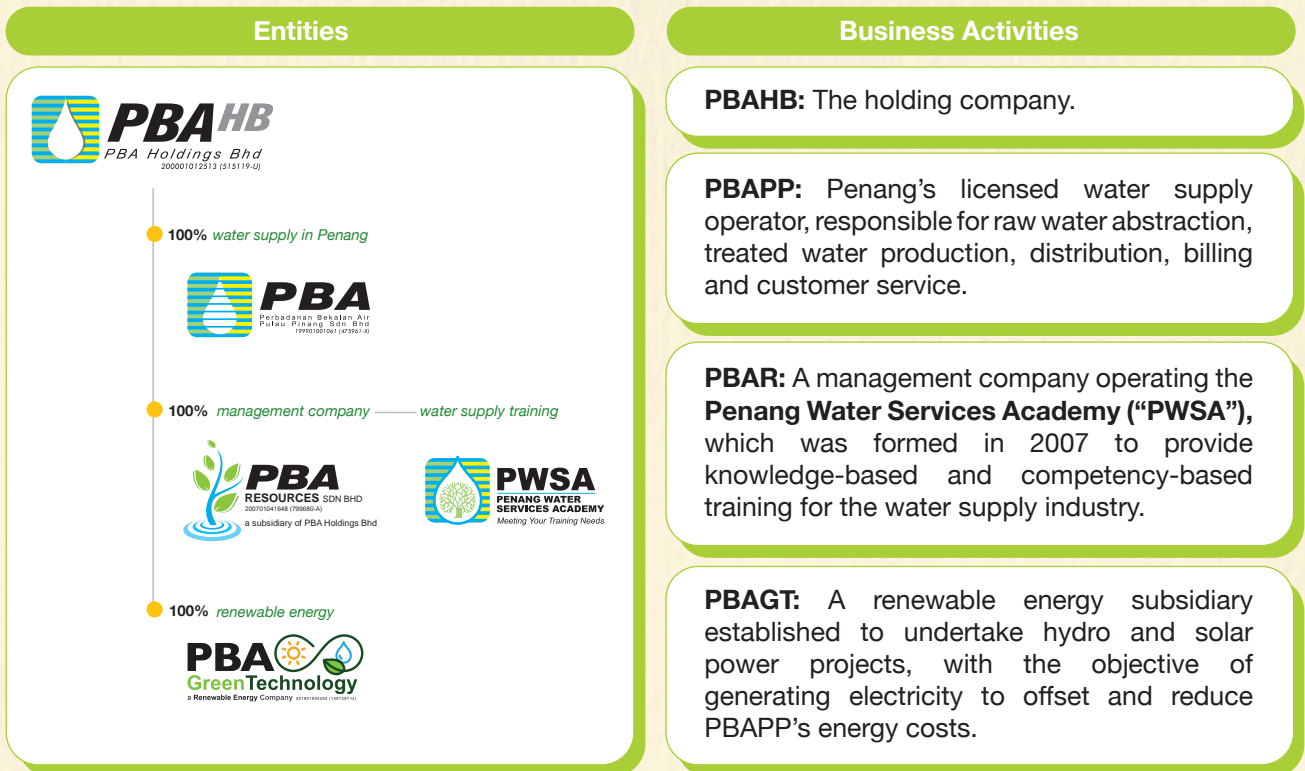
PBA Holdings Bhd (“PBAHB” or “the Company”) provides water supply and related services in Penang through its wholly owned subsidiaries, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (“PBAPP”), PBA Resources Sdn Bhd (“PBAR”) and PBA Green Technology Sdn Bhd (“PBAGT”) (collectively “PBA” or “the Group”).

Our principal subsidiary, PBAPP, the licensed water supply operator for the state of Penang, seeks to deliver safe, clean and reliable water to consumers while upholding environmental responsibility and operational excellence.

This Sustainability Statement (the “Statement”) presents PBA’s sustainability performance for the financial year 2025 and outlines how the Group integrates sustainability across its operations while maintaining operational efficiency.

Scope and Boundary

The reporting period for this Statement covers 1 January 2025 to 31 December 2025 (“FY2025”) and includes the data and activities from PBAHB and its subsidiaries.



Reporting Approach

PBA’s Statement has been prepared in compliance with Bursa Malaysia Securities Main Market Listing Requirements (“MMLR”) and references the following frameworks.

- International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards: IFRS S1: *General Requirements for Disclosure of Sustainability-related Financial Information*
- International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards: IFRS S2: *Climate-related Disclosures*
- Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition)
- United Nations Sustainable Development Goals (“UN SDGs”)
- Global Reporting Initiative (“GRI”) Standards 2021

Contact Us

We value feedback and insights from our stakeholders. Please direct any questions or suggestions to the contact points below.

ChM. Ts. Mak Kok Yun
Sustainability Officer
mak@pba.com.my

Navigating Icons

<p>Core Values</p> <ul style="list-style-type: none">  Accountability  Communication  Teamwork  Integrity  On-Going Learning  New Ways of Improvement 	<p>Stakeholder Groups</p> <ul style="list-style-type: none">  Shareholders  Government & Statutory Bodies  Consumers  Employees  Suppliers & Vendors  Local Communities & Special Interest Group 	<p>Material Sustainability Matters</p> <ul style="list-style-type: none">  Corporate Governance & Anti-Corruption  Regulatory Compliance  Customer Service & Data Protection  Product Stewardship  Supply Chain Management  Energy, Emissions & Climate Resilience  Waste & Effluent Management  Water Consumption  Labour Practices & Standards  Occupational Health & Safety  Diversity & Inclusion  Community Engagement
<p>Focus Areas</p> <ul style="list-style-type: none">  Focus Area 1: Strengthening Integrity and Governance  Focus Area 2: Ensuring Quality Product and Services  Focus Area 3: Protecting Our Environment  Focus Area 4: Caring for Our Peop 		

Awards and Accolades

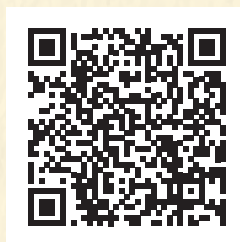
PBAHB's was honoured for its commitment to sustainability and received the following prestigious awards:

1. **UN Global Compact Network Malaysia and Brunei ("UNGCMYB") "Forward Faster Sustainability" - CEO Award 2026**
2. **UN Global Compact Network Malaysia and Brunei ("UNGCMYB") "ESG Select List – 3 STAR Recognition"**

Management Approach

Detailed description of how we manage and deal with our material sustainability matters derived from the materiality assessment is included in our full FY2025 Sustainability Statement. The full FY2025 Sustainability Statement and Statement of Assurance can be viewed at:

https://pbahb.com.my/pdf/sustainability/PBAHB_Sustainability_Statement_fy2025.pdf



Advancing Sustainable Water Security for Penang

PBA focuses on securing long-term water security for Penang while managing environmental impacts responsibly and supporting resilient communities. Throughout the year, the Group maintained reliable operations and continued to strengthen sustainability and governance practices, reinforcing our role as a trusted and responsible water services provider.

Focus Area 1: Strengthening Integrity and Governance

Anchored in Integrity and Accountability

We drive a resilient water supply by embedding robust governance frameworks across our operations and ensuring accountability to stakeholders.



100%

Board participated in the Corruption-Free Pledge



181,104

MyPBA mobile application downloads in FY2025, supporting greater use of digital service channels



Zero

Substantiated complaints related to customer data privacy breaches over the **past three years**

Focus Area 2: Ensuring Quality Products and Services

Delivering Excellence, Ensuring Reliability

Our primary mandate is to provide clean, safe and continuous water supply to the state of Penang. We achieve this through regulatory compliance, continuous infrastructure upgrades and quality control processes.



107,303

Total Water Capacity (ML)



100%

Compliance to Ministry of Health on Water Quality Assurance Programme Standards



100%

Procurement expenditure was allocated to local suppliers

PBA focuses on securing long-term water security for Penang while managing environmental impacts responsibly and supporting resilient communities. Throughout the year, the Group maintained reliable operations and continued to strengthen sustainability and governance practices, reinforcing our role as a trusted and responsible water services provider.

Focus Area 3: Protecting Our Environment

Sustainable Stewardship for the Future

In our efforts to reduce PBA's environmental footprint, the Group's climate action strategy focuses on long-term preservation through initiatives such as catchment protection and energy efficiency.



37,423.49

Metric tonnes of waste diverted from landfill



0.41%

Reduction in energy intensity



FY 2025

Developed a Net Zero Strategic Roadmap

Focus Area 4: Caring for Our People

Empowering Talent, Enriching Communities

PBA's success is attributed to our people, who are the backbone of the business. We foster a safe, inclusive and nurturing work environment while contributing to the communities in which we operate.



22.75%

Reduction in the Lost Time Injury Rate ("LTIR") compared to the previous reporting year



139,160.5

Hours of training provided to employees across the Group



RM 2,983,440

Spent for community programmes, sponsorships, and donations

Our Performance Scorecard

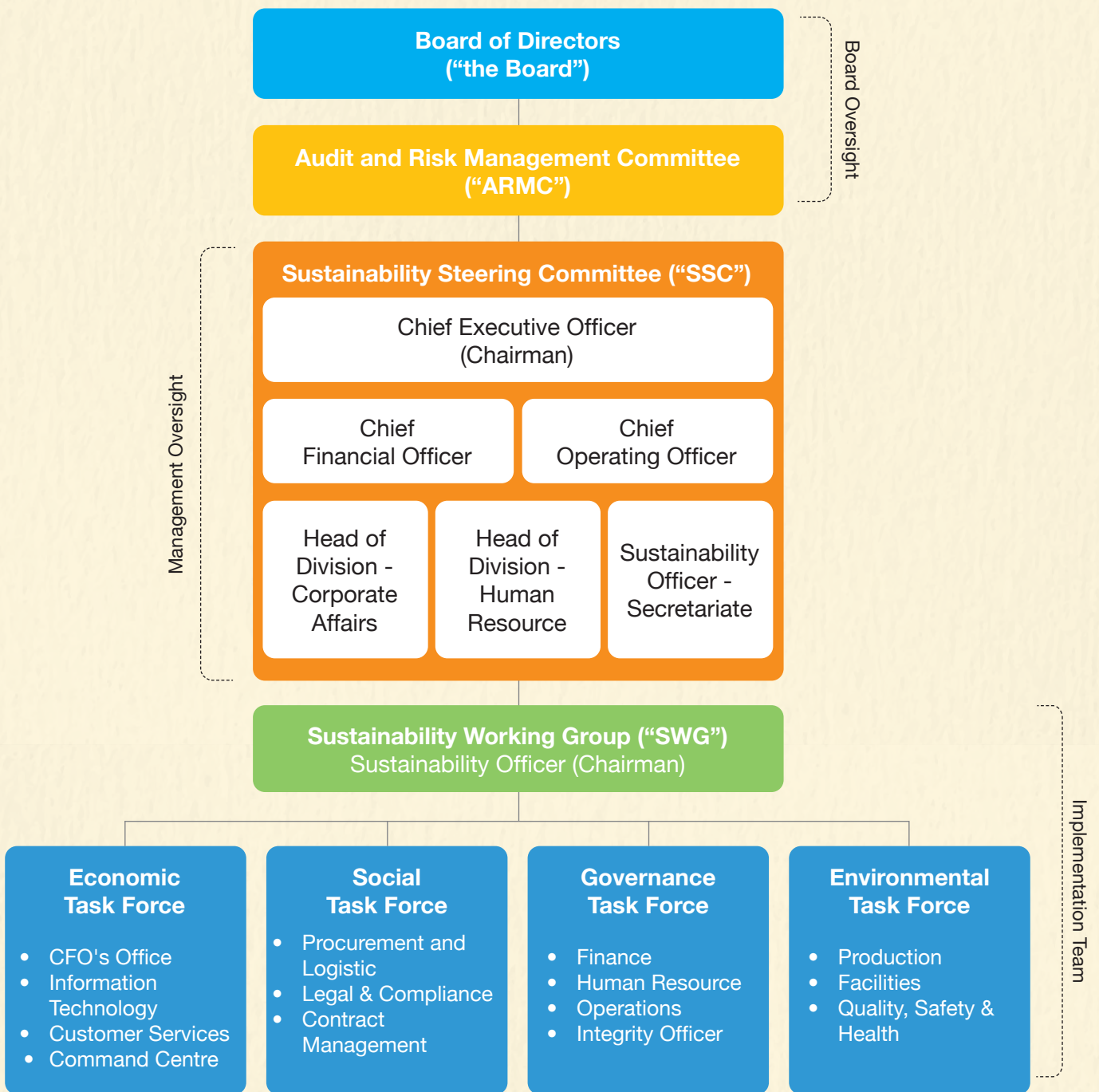
The Group monitors key performance indicators (“KPIs”) across four focus areas encompassing governance, quality products and services, environment and people. These KPIs are reviewed to ensure their continued relevance and effectiveness in driving improvements and strengthening the resilience of our water assets.

Material Sustainability Matters	Key Performance Indicators	FY 2025 Performance	Achievement
Focus Area 1: Strengthening Integrity and Governance			
Corporate Governance & Anti-Corruption	Maintain zero incidents of bribery and corruption	0	🟢
	Maintain zero incidents of reports received through whistleblowing channels	0	🟢
Data Privacy & Cybersecurity	Maintain zero customer privacy breaches and data losses	0	🟢
Focus Area 2: Ensuring Quality Products and Services			
Product Stewardship	Maintain 100% compliance with water quality parameters under the MOH's QAP	100%	🟢
	Achieve reduction of non-revenue water to 29.1%	28.40%	🟢
Supply Chain Management	Achieve 90% of total procurement spend on local suppliers	100%	🟢
Focus Area 3: Protecting Our Environment			
Energy, Emissions & Climate Resilience	Maintain electricity intensity at 0.484 kWh/m ³ as per FY2024	0.482 kWh/m ³	🟢
	Establish a baseline year for GHG emissions by 2025	Baseline Year: FY2024 (GHG emissions: 160,804.75 tco ₂ e)	🟢
Water Consumption	To establish baseline water consumption per capita for PBAPP premises by 2025	50 litres per day per employee	🟢
Focus Area 4: Caring for Our People			
Occupational Health & Safety	Maintain a lost time injury (“LTI”) rate of < 2.15 per annum	1.46	🟢
	Ensure at least 10% of employees receive health and safety training	25.49%	🟢
Labour Practices & Standards	Maintain zero cases of discrimination and non-compliance related to child/forced labour	0	🟢
	Achieve an average of 40 training hours per employee annually	90.48	🟢
	Maintain zero cases of substantiated complaints of human rights violations annually	0	🟢
Diversity & Inclusion	Achieve 30% women representation on the Board by 2025	33.33%	🟢
	Attain 30% women representation at the management level by 2025	Top Management: 40%	🟢
		Senior Management: 30%	
Middle Management: 48%			
Community Investment	Allocate RM2,800,000 for community investments for the year 2025	RM2,983,440	🟢
🟢 Achieved			

Note: Sustainability KPIs will be progressively aligned with relevant indicators prescribed by SPAN in future reporting periods

Governance and Oversight of Sustainability

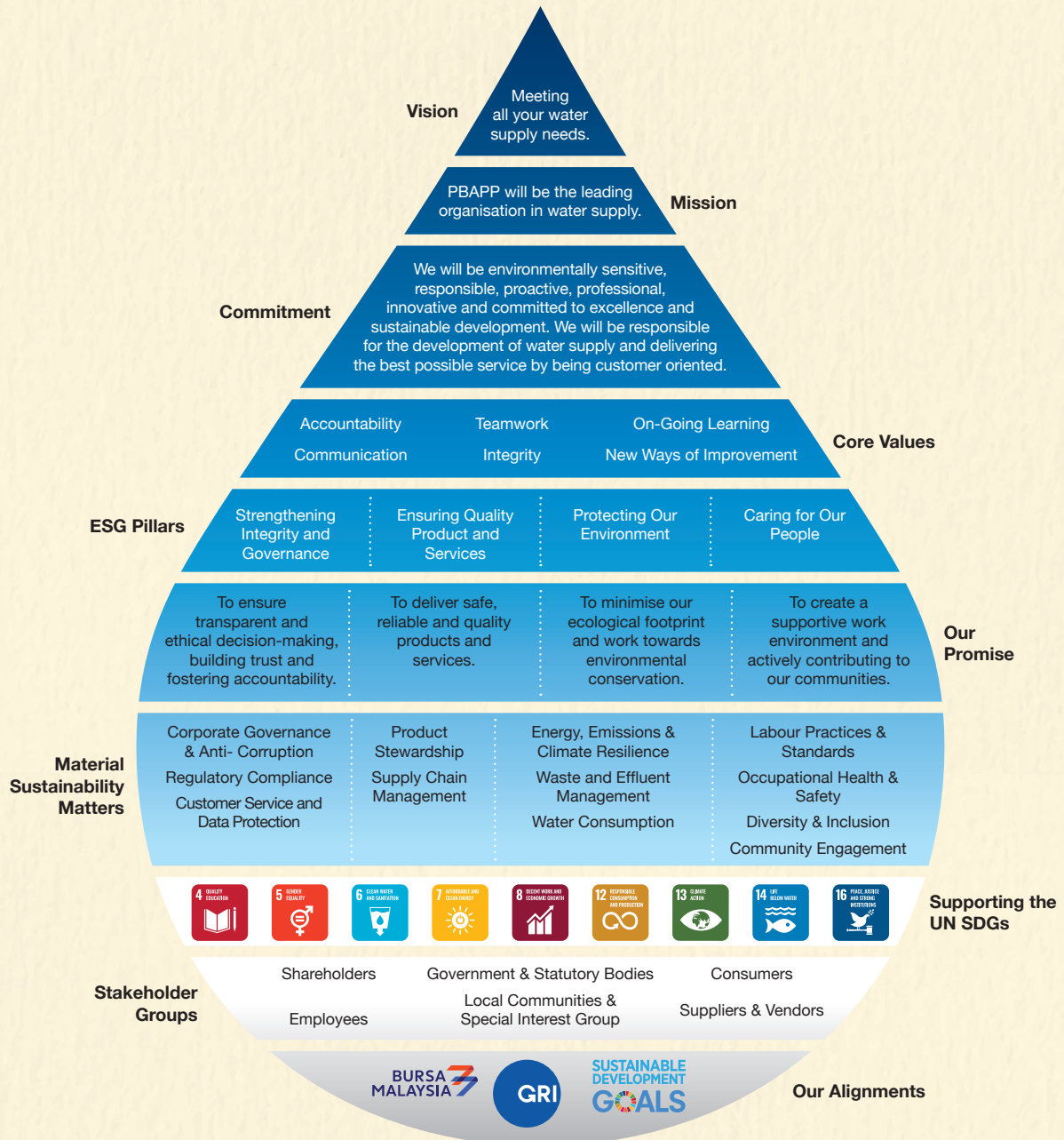
Effective governance drives the integration of sustainability considerations into the Group’s strategy, operations and risk management processes. The Board of Directors has oversight of sustainability and climate-related risks and opportunities and is supported by the Audit and Risk Management Committee, the Sustainability Steering Committee and the Sustainability Working Group.



Our Approach to Water Stewardship

The Sustainability Strategy and Sustainability Policy form the foundation of our approach to embedding sustainability across our business and governance practices. Together, they guide decision-making, establish clear expectations and integrate sustainability and climate considerations across the Group.

Sustainability Strategy for Responsible Business



Core Principles of Our Sustainability Policy

01

Ensure a reliable and continuous water supply by addressing consumer needs, promoting prudent water consumption and reducing Non-Revenue Water (NRW) losses across the distribution network.

02

Maintain high standards of drinking water quality through treatment processes, continuous monitoring and compliance with national regulatory requirements for safe and clean water.

03

Enhance water infrastructure efficiency by adopting innovative technologies, managing energy consumption and greenhouse gas (GHG) emissions to support climate resilience.

04

Implement waste management practices by reducing waste, promoting resource recovery and applying circular economy principles in water treatment and operational processes.

05

Advance social equity and inclusion by ensuring equitable access to clean water for communities, while fostering participatory engagement in water-related initiatives.

06

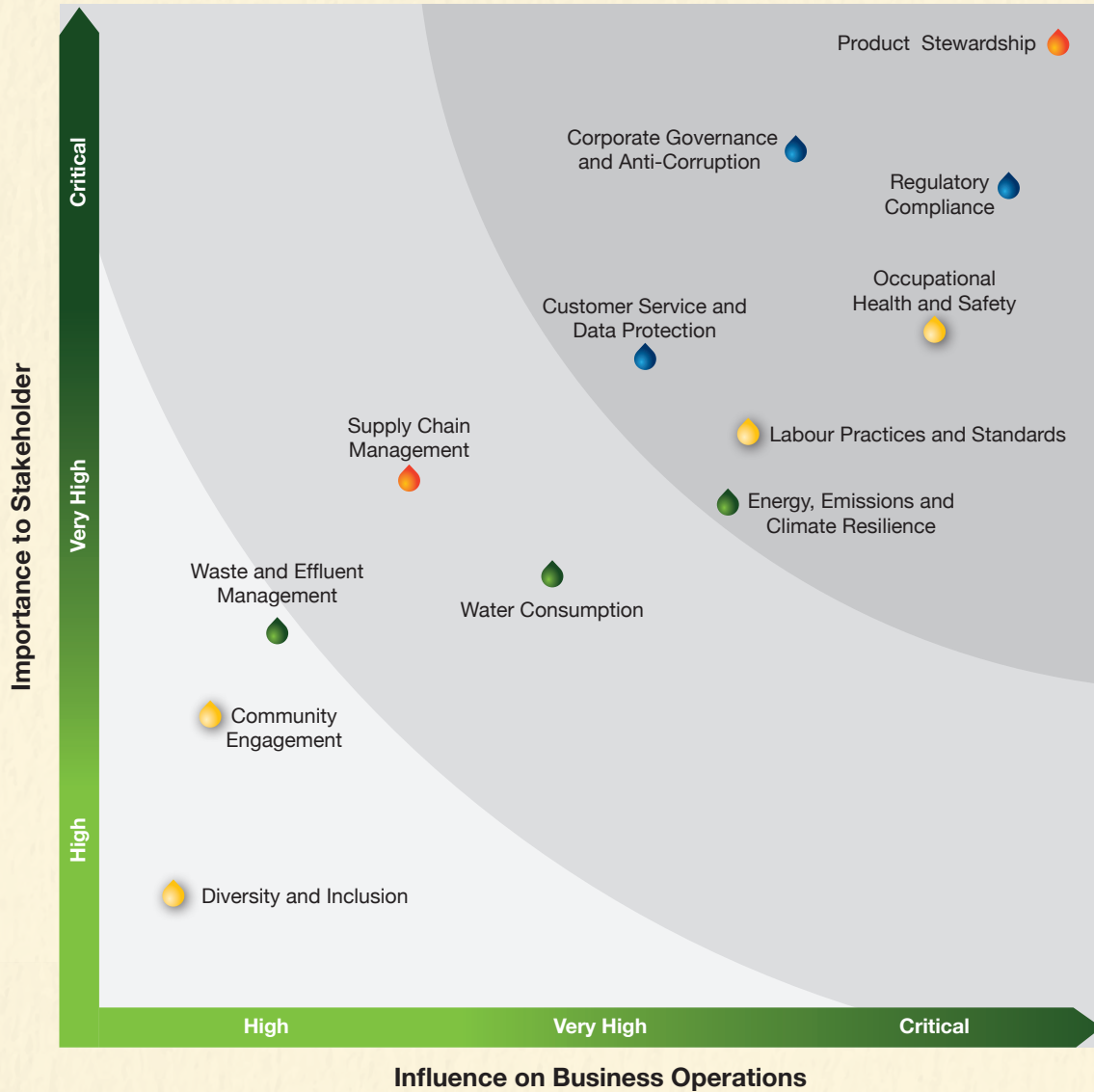
Promote water stewardship and sustainability awareness through stakeholder education, outreach and community engagement programmes to encourage responsible water use.

07

Collaborate with government agencies, neighbouring states, industry partners and civil society organisations (CSOs) to strengthen regional water management, enhance resource security and address water challenges.

Integrating Materiality into Value Creation

Materiality guides the identification, prioritisation and management of sustainability matters with the greatest impact on PBA’s business and stakeholders. During the year, the Group reviewed 12 material matters and confirmed that they remain relevant and aligned with the our operations and strategic priorities.



Legend:
● Strengthening Integrity and Governance ● Protecting Our Environment
● Ensuring Quality Product and Services ● Caring for Our People

No.	Ranking of Material Sustainability Matters	No.	Ranking of Material Sustainability Matters
1	Product Stewardship	7	Energy, Emissions and Climate Resilience
2	Regulatory Compliance	8	Water Consumption
3	Corporate Governance and Anti-Corruption	9	Supply Chain Management
4	Occupational Health and Safety	10	Waste and Effluent Management
5	Labour Practices and Standards	11	Community Engagement
6	Customer Service and Data Protection	12	Diversity and Inclusion

Statement of Assurance



KPMG PLT
 (LLP0010081-LCA & AF 0758)
 Chartered Accountants
 Level 18, Hunza Tower
 163E, Jalan Kelawei
 10250 Penang, Malaysia

Telephone +60 (4) 375 1800
 Fax +60 (4) 238 2222
 Website www.kpmg.com.my

The Board of Directors
PBA Holdings Bhd
 Level 32, KOMTAR
 Penang Road
 10000 Penang

Independent Practitioners' Limited Assurance Report on PBA Holdings Bhd's (the "Company") Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in its 2025 Annual Report

Conclusion

We have performed a limited assurance engagement on whether the Company's selected sustainability indicators ("Selected Sustainability Indicators") for the financial year ended 31 December 2025 listed below have been prepared in accordance with the Company's definition and calculation methodologies as set out in the Company's 2025 Annual Report and/or where relevant, the Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition) ("Applicable Criteria"):

No.	Selected Sustainability Indicators	Amount	Boundary
1	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM 2,983,440	The Company's operations in Penang, Malaysia (including the Company's subsidiaries).
2	Confirmed incidents of corruption and action taken	0	
3	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	
4	Number of work-related fatalities	0	
5	Lost time incident rate	1.46	
6	Total energy consumption	216,204 MWh	

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's 2025 Annual Report are not prepared, in all material respects, in accordance with the Applicable Criteria.

Our conclusion on the Selected Sustainability Indicators does not extend to any other information that accompanies or contains the Selected Sustainability Indicators and our report.

Basis for conclusion

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Our responsibilities under this standard are further described in the *Our responsibilities* section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

KPMG PLT a limited liability partnership under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

Statement of Assurance (Cont'd)



PBA Holdings Bhd
Independent Practitioners' Limited Assurance Report on the Company's
Selected Sustainability Indicators for the financial year ended 31 December 2025
presented in its 2025 Annual Report
23 April 2026

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Restriction on distribution and use of our report

Our report has been prepared for the Board of Directors of the Company (the "Directors") solely in accordance with the terms of our engagement letter.

Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk.

Without affecting, adding to or extending our duties and responsibilities to the Company or giving rise to any duty or responsibility being accepted or assumed by or imposed on us by any other party, we consent to the inclusion of this report in the Company's 2025 Annual Report, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Sustainability Indicators.

Our conclusion is not modified in respect of this matter.

Responsibilities for the Selected Sustainability Indicators

The management of the Company (the "Management") is responsible for:

- (a) designing, implementing and maintaining internal control relevant to the preparation of the Selected Sustainability Indicators such that they are free from material misstatement, whether due to fraud or error;
- (b) selecting or developing suitable criteria for preparing the Selected Sustainability Indicators and appropriately referring to or describing the criteria used, including who developed them, when not readily apparent from the engagement circumstances;
- (c) preparing and properly calculating the Selected Sustainability Indicators in accordance with the Applicable Criteria;
- (d) preventing and detecting fraud; and
- (e) selecting the content of the Selected Sustainability Indicators, including identifying and engaging with intended users to understand their information needs.

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that material misstatement, whether due to fraud or error, may occur and not be detected in the Selected Sustainability Indicators.

Statement of Assurance (Cont'd)



PBA Holdings Bhd
Independent Practitioners' Limited Assurance Report on the Company's
Selected Sustainability Indicators for the financial year ended 31 December 2025
presented in its 2025 Annual Report
23 April 2026

Our responsibilities

We are responsible for:

- (a) planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Indicators are free from material misstatement, whether due to fraud or error;
- (b) forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- (c) reporting our conclusion to the Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Sustainability Indicators that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Selected Sustainability Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we have performed the following procedures, amongst others:

- (a) enquired Management to gain an understanding of the processes established from which the Selected Sustainability Indicators are derived;
- (b) interviewed relevant staff responsible for preparing and presenting the Selected Sustainability Indicators in the Company's 2025 Annual Report ;
- (c) compared the Selected Sustainability Indicators presented in the Company's 2025 Annual Report to underlying sources on a sample basis; and
- (d) read the Selected Sustainability Indicators presented in the Company's 2025 Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Other matter

We previously expressed a limited assurance conclusion over the Selected Sustainability Indicators for the year ended 31 December 2024, and our report dated 22 April 2025 included an unmodified conclusion.

Our conclusion is not modified with respect to this matter.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Penang

Date: 23 April 2026



MANAGEMENT

DISCUSSION & ANALYSIS (MDA) 2025

PBA Holdings Bhd. (PBAHB) is a Penang State Government-linked company (Penang State GLC) and public listed entity that has been listed on Bursa Malaysia (Malaysian Bourse) since 18.4.2002. Its principal subsidiary's core business is holistic and sustainable water supply management in the State of Penang.

Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP), a private limited company, is PBAHB's principal subsidiary. PBAPP holds a licence issued by the National Water Services Commission (SPAN, the national regulator for water and sewerage services in Malaysia) to serve Penang as its state water operator. This licence is subject to renewal every five years. PBAPP's current licence is valid until 31 December 2026.

PBAPP's key responsibilities include storage and treatment of raw water; distribution of treated water to registered water consumers in Penang; and billing for all water supply services.

Accordingly, PBAPP manages, maintains and upgrades Penang's water supply infrastructure. The infrastructure encompasses raw water intakes, raw water dams, water treatment plants, treated water reservoirs and pumping stations; as well as a network of 4,836 km of water supply pipelines (100mm in diameter and above) and all the water meters that are installed outside domestic and business premises.

PBAPP also manages customer relations through its 9 customer care centres and various online and mobile platforms; including billing and bill collection transactions.

Standards and accreditations

PBAHB and PBAPP's business operations are certified and benchmarked to the following international and national standards:

- ISO 9001:2015 for quality management;
- ISO 14001:2015 for environmental management (selected installations);
- ISO 45001:2018 for occupational safety & health management;
- ISO/IEC 27001:2022 for information security (Sungai Dua Water Treatment Plant);
- MS ISO/IEC 17025:2017 for competency in (water) testing (Central Laboratory, Sungai Dua Water Treatment Plant); and
- MS/IEC 17025 for competency in testing (Water Meter Testing Laboratory, Air Itam One-Stop Operations Centre).

Workforce

In 2025, PBAHB and PBAPP employed a total of 1,538 personnel to serve a customer base of 721,066 registered water consumers in Penang. The employee-to-water consumer efficiency ratio was 1 : 469.

During the year in review, the composition of the combined PBAHB and PBAPP workforce was as follows:

Employee Composition		No. of Personnel
1.	C Suites and Division Heads	5
2.	Senior Management	10
3.	Middle Management	25
4.	Executives	98
5.	Clerical and Technical Personnel	653
6.	Industrial Manual Group	747
Total		1,538

The majority of employees (62.8%) were aged below 40 years. During the year in review, the Group recorded 21 resignations and 23 retirements (at the age of 60 years). The Boards of Directors and management team extends condolences to the families of 4 employees who passed away while in service in 2025.

Customer base

PBAPP served a customer base of 721,066 water consumers in Penang in 2025, as compared to 705,528 customers in 2024. In other words, PBAPP's customer base recorded a growth of 2.2% year-on-year, with an additional 15,538 consumers registered in 2025.

In line with Federal Government regulations, PBAPP categorised Penang water consumers in accordance to 5 classifications of water consumption:

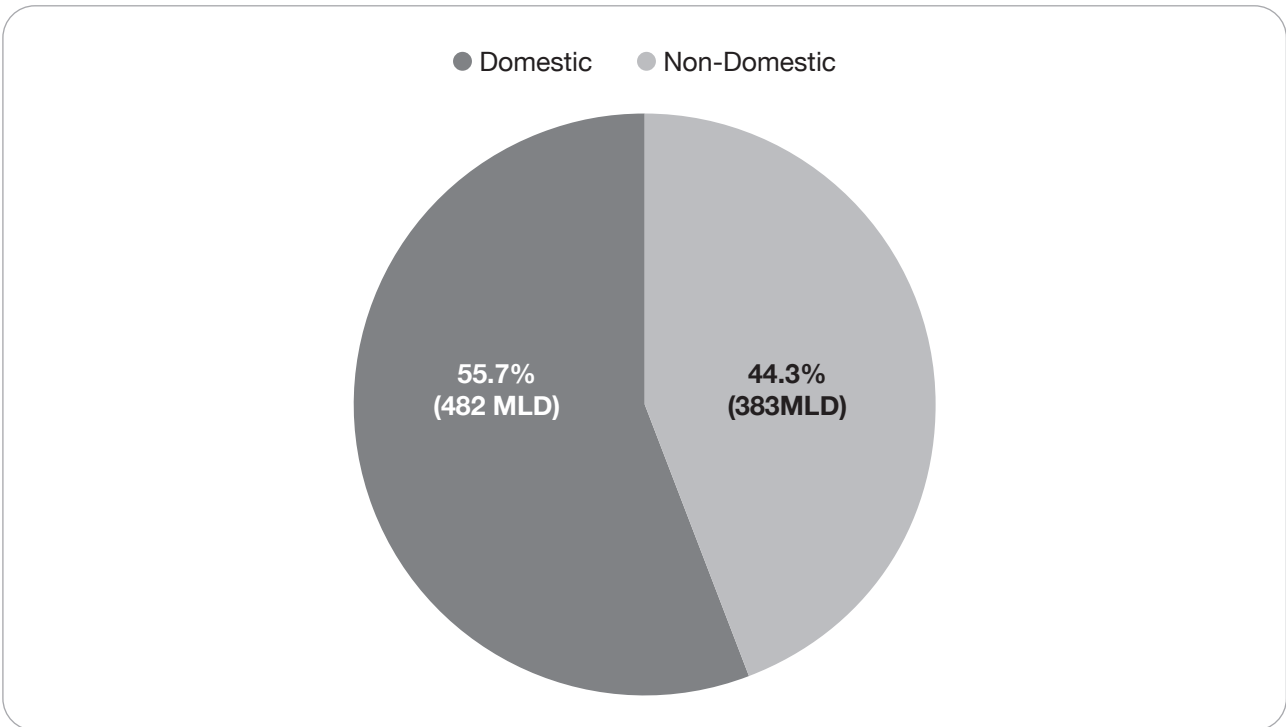
Categories of Penang water consumers		No. of consumers	Percentage of total
1.	Domestic	617,348	85.62%
2.	Domestic Bulk	1,777	0.25%
3.	Non-Domestic	99,547	13.80%
4.	Houses of worship & charitable institutions	2,385	0.33%
5.	Shipping	9	
Total		721,066	100.00%

Consumption recorded by water meters installed at "domestic" and "domestic bulk" premises are regarded as domestic consumption, while other 3 other categories of consumption (as shown in the table) are regarded as non-domestic consumption.

Water production, consumption & NRW

During the year in review, the total average daily consumption of treated water recorded and billed in Penang was 865 million litres per day (MLD) as compared to 870 MLD in 2024. There was a marginal drop of 5 MLD or about 0.6% year-on-year.

Domestic vs. Non-Domestic Consumption 2025:



PBAPP’s 2025 production data shows that an average of 1,208 MLD of treated water was produced at Penang’s 10 water treatment plants, which was more or less the same volume as for 2024.

The non-revenue water (NRW) or water loss percentage recorded was marginally higher: 28.4% in 2025 vs. 28.0% in 2024.

In Penang, NRW is primarily due to 3 key factors: scheduled water supply interruptions (SWSIs), unscheduled water supply interruptions (UWSIs) and inaccurate/faulty water meters.

As a water supply operator, PBAPP implements SWSIs to facilitate planned water works projects that require temporary strategic shutdowns of water supply infrastructure in certain areas or districts.

In April 2025, PBAPP implemented a major SWSI in Penang to implement 23 projects in 26 work sites concurrently. This SWSI required the partial shutdown of the Sungai Dua Water Treatment Plant (WTP) in Seberang Perai Utara.

The Sungai Dua WTP is the largest and most important WTP in Penang. In 2025, it produced about 85.5% of the total treated water supplied throughout the State. The treated water from Sungai Dua is supplied in Seberang Perai as well as on Penang Island. There were about 465,000 consumers in the Sungai Dua WTP’s service areas in 2025.

Water production, consumption & NRW (Cont'd)

The April 2025 SWSI affected water supply services for about 340,000 water consumers in Seberang Perai Utara (SPU), Seberang Perai Tengah (SPT) and Seberang Perai Selatan (SPS) on the mainland, as well as in Daerah Barat Daya (DBD) and Daerah Timur Laut (DTL) on the island.

All affected consumers were given ample notice (via multiple news reports, FB posts and printed pamphlets) to store sufficient water for use during the SWSI. All projects were successfully completed and PBAPP kept to the schedule for water supply recovery in 3 stages (24 hours, 48 hours and 60 hours) according to locations.

The key benefits of the April 2025 SWSI include:

1. Subsequent pumping of higher daily volumes of treated water from the Sungai Dua WTP to about 465,000 water consumers;
2. Improved water pressure for the majority of consumers in the Sungai Dua WTP's service areas, especially during high demand periods such as prolonged dry seasons and festive celebrations;
3. Reduction of intermittent water issues in end-of-line (EoL) and high ground water supply areas in SPS and DBD;
4. More rapid recovery from future scheduled water supply interruptions; and
5. Potential reduction of NRW following the urgent repair of several major pipeline leakages from May 2025.

Unfortunately, PBAPP incurred a significantly high volume of NRW through the implementation of the SWSI and water supply recovery processes.

The second, and more significant factor, behind the higher NRW percentage for Penang in 2025 are UWSIs, or water supply interruptions resulting from mishaps such as burst or leaking water pipelines.

About 18.5% (1,159 km) of the underground water pipelines are prone to bursting or leaking because these pipelines have been in service for more than 50 years. The direct cost of replacing these "outdated pipelines" is estimated to be more than RM2.0 billion, a huge sum which may only be recovered through a major increase in water rates that will be unpalatable to the majority of Penang water consumers.

Since the majority of the pipelines are buried underground, the foreseeable "indirect cost" include potentially massive traffic jams and disruptive road diversion works in a highly developed state with a population density of 1,746 people per km² (2024 projection by the Department of Statistics Malaysia – DOSM).

During the year in review, PBAPP pipe works teams resolved 41,699 cases of burst and leaking water pipelines while gradually replacing outdated pipelines on a proactive basis in accordance to budget constraints.

In 2025, PBAPP replaced a total of 24.252 km of pipelines (100mm and above) at a total cost of RM24.546 million. Moreover, PBAPP also laid a total of 10.655 km of new trunk mains to support the socioeconomic growth of the state.

Another factor that contributes to NRW losses is imprecise metering of actual water consumption, especially high volume consumption by non-domestic consumers.

During the year in review, PBAPP replaced a total of 140,691 water meters to ensure accuracy of water consumption measurements. The replacement meters included 2,366 "smart meters" which facilitate faster data acquisition.

Quality of Penang treated water

The treated water supplied by PBAPP is commonly regarded as “potable water” or water which is safe to drink from the tap.

However, the majority of Penangites choose to boil the water before consumption. PBAPP regards this “tradition” of boiling Penang tap water before drinking to be an additional safety measure because it cannot be held responsible for potentially compromised internal reticulation systems (plumbing systems after the water meter point) inside private premises, especially older premises.

On its part, PBAPP implements a “water quality surveillance programme”. Under this programme, PBAPP samples and tests raw water (freshwater from rivers, streams and dams) and treated water at PBAPP treatment plant outlets; as well as treated water flowing through the distribution system (water supply pipelines).

The majority of PBAPP’s water sampling and testing processes are conducted in cooperation with the Penang State Health Department.

In 2025, a total of 3,081 samples of PBAPP treated water were sampled for physical, microbiological and chemical content testing. The water samples were obtained from 216 sampling points at various locations.

The following table summarises the key results of physical and microbiological tests on the water samples in accordance to the parameters set under the Quality Assurance Programme (QAP) by the Ministry of Health (MOH), Malaysia:

Treated Water Test Parameters		MOH QAP	Compliance
1.	Free Chlorine	1.85%	100.0%
2.	E-Coli (bacteria)	0.15%	
3.	Residual chlorine + E. Coli	0.05%	
4.	NTU (turbidity)	2.00%	
5.	Aluminium	10.00%	

The results of the tests validate the popular perception in Penang that the quality of the tap water supplied here is amongst the best in in the nation.

As part of its commitment to sustain the quality of its treated water, PBAPP operates a Central Laboratory (Central Lab) in the Sungai Dua WTP.

During the year in review, this Central Lab received its 9th consecutive “IKM Laboratory Excellence Award” from the Malaysian Institute of Chemistry (*Institut Kimia Malaysia* – IKM). The award acknowledges the laboratory’s competency and accomplishments in the field of water testing (for raw water, settled water, treated water and effluent water).

The award requires recipients to comply with the MS ISO/IEC 17025:2017 standard set for “testing and calibration laboratories”. The scope of the Central Lab’s accreditation encompasses 40 parameters, including advanced parameters such as: true colour, conductivity, alkalinity, dissolved oxygen content, biochemical oxygen demand, total suspended solids and total organic carbon.

As an extension to its water quality monitoring programme, PBAPP has also invested in the installation of a remote total organic carbon (TOC) analyser in the Bayan Lepas Industrial Area on Penang Island and a remote real-time multi-purpose analyser in the Perai Industrial Park.

Installed in 2021, the Bayan Lepas analyser allows PBAPP to monitor TOC levels for the benefit of electronics and electrical (E&E) device manufacturers and medical device manufacturers on the island.

Quality of Penang treated water (Cont'd)

Meanwhile, the Perai multi-purpose analyser facilitates the monitoring and analysis of various treated water parameters (free chlorine, pH value, turbidity, colour and conductivity) to ensure that the operations of hundreds of factories on the mainland are not compromised by water supply.

Since 2022, PBAPP has also installed a real-time turbidity analyser at the Lahar Tiang Intake. This instrument enables monitoring the turbidity level of raw water near the point from which Penang abstracts water from Sungai Muda. Real-time readings have helped PBAPP to avoid UWSIs arising from highly turbid water that may not be safely treated at the Sungai Dua WTP (whenever flash floods occur upstream in Kedah).

Key Penang water supply infrastructure

In serving as Penang's licensed water supply operator, PBAPP managed the following water supply infrastructure in Penang in 2025 on a daily basis:

- 4 dams with a total raw water storage capacity of 112,022 million litres (ML);
- The Lahar Tiang Intake in SPU from which PBAPP abstracted an average of 1,119 million litres per day (MLD) of raw water from Sungai Muda;
- the 14 km Sungai Dua Canal that channels raw water abstracted from Sungai Muda to the Sungai Dua WTP, Penang's largest and most important WTP;
- 10 WTPs with a total treated water production design capacity of 1,732 MLD;
- 59 treated water reservoirs and 46 treated water towers;
- 102 booster pump stations;
- 4,836 km of pipelines (with a diameter of 100mm and above); and
- 3 sets of twin submarine pipelines that deliver treated water from the mainland to the island.

As in previous years, PBAPP personnel also carefully monitored the Sungai Muda river level and raw water quality at Penang's Lahar Tiang Intake in SPU during the year in review.

Sungai Muda has served as Penang's primary raw water resource since 1973.

It should be noted that the water catchment area for Sungai Muda, the Ulu Muda Forest Complex (Ulu Muda), is located in Kedah. The 2 dams that have been built to release water into the river during dry seasons (the Muda Dam and the Beris Dam) are also located in Kedah.

Although 2025 was an El Niño year, there was no major water crisis in Penang.

On Penang Island, PBAPP successfully "defended" the reserves of the 2,159 ML Air Itam Dam all year through the diligent implementation of the Air Itam Dam Action Plan 2025 (AIDAP 2025). The AIDAP 2025 ensured continuous good water supply services in the densely populated Air Itam and Farlim townships even during hot and dry spells.

1st “Zero Waste WTR Recycling” project in Malaysia

Water treatment residue (WTR) is a by-product of conventional water treatment technology worldwide. In Malaysia, WTR has been classified by the Department of Environment (DoE) as “SW204”, a scheduled waste that must be disposed in a class 4 sanitary landfill (C4SL).

In February 2025, PBAPP launched a project to recycle WTR as a building material and constantly harvest “supernatant water” at the Sungai Dua WTP.

This “Zero Waste WTR Recycling Project” has won accolades for PBAPP from the Malaysian International Water Convention 2025 (MIWC 2025) and United Nations Global Compact Network Malaysia & Brunei (UNGCMYB).

It was also an instrumental consideration that led the Malaysian Water Association (MWA) to give PBAPP the “Malaysia Water Award for Management 2025” for exceptional leadership in water supply management.

The following is a brief summary of the project:

- Wet WTR from the water filtration and sedimentation processes in the Sungai Dua WTP are placed into “settling tanks” wherein the “supernatant water” (water with turbidity below 200 NTU) is “separated” from the thickened WTR.
- From the settling tanks, this first dose of supernatant water is discharged into the Sungai Dua WTP’s intake balancing pond as a recycled raw water resource.
- Meanwhile, the thickened WTR is pumped into the Sungai Dua Dewatering Plant (SDDP). In the SDDP, a belt filter press is used to force more supernatant water out of the WTR to form SW204 solids.
- This second dose of supernatant water is processed in a filtrate holding tank and a filtered clarifier tank before it is pumped into settling tanks, again for use as a recycled raw water resource.
- This “circular process” of constantly harvesting and re-harvesting supernatant water is repeated 24/7. In September 2025, it yielded an average of 25.4 MLD of recycled water at Sungai Dua. The harvesting of this 25.4 MLD of recycled water is equivalent to achieving a 7.4% reduction in NRW in 2025.
- From the SDDP, the SW204 solids are transported out of the Sungai Dua WTP to a cement brick factory in Bukit Minyak. At the factory, cement bricks are produced with a 30% material content of SW204.

The key benefits of PBAPP’s “Zero Waste Recycling Project” are:

1. Effective recycling WTR as a “green building material” with economic value instead of treating WTR as a scheduled waste that may only be dumped in a C4SL.
2. Continuous harvesting of 25.4 MLD of supernatant water as an “extra raw water resource” in the Sungai Dua WTP, Penang’s largest and most important WTP.
3. 74% cost savings for PBAPP in managing WTR on-site in the Sungai Dua WTP, as compared to transporting and disposing of WTR at the nearest C4SL in Selangor.

1st “No SWSI” major pipe connection in Penang

On 28.1.2026, PBAPP implemented the first major pipeline connection works without a scheduled water supply interruption (SWSI). This is a milestone in the history of Penang water works.

The final connection works of the RM3.2 million 2nd Sungai Perai River-Crossing Pipeline (2nd SP-RCP) at Sungai Dua, SPU, was carried out with “hot tapping” and “line stopping” technologies. These technologies bypassed the need to shut down a 900mm pipeline that supplies treated water to areas in SPU and SPT.

As such, there was no supply interruption that would have caused inconveniences for about 26,000 water consumers in SPU and SPT.

With “hot tapping” and “line stopping”, PBAPP avoided the processes of closing valves to shut down a major pipeline, dewatering the pipeline, waiting for the work site to be drained to start work, re-opening valves and carrying out de-airing works at multiple sites to fully recover water supply services.

However, it cost about RM800,000 to complete the 2nd SP-RCP final connection as compared to RM80,000 for a normal final connection with a SWSI.

The success of this first “No SWSI” major pipeline connection works prompted Penang Chief Minister YAB Tuan Chow Kon Yeow to direct PBAPP to deploy “hot tapping” and “line stopping” for all future major pipeline connection works, subject to the following considerations:

- Avoidance of a SWSI that may affect 20,000 water consumers or more;
- Projected work time lasting 18 hours or more; and
- Major pipelines only, with diameters measuring 600mm or more.

PBAPP will comply with YAB Tuan Chow’s directive. However, “line stopping” and “hot tapping” is impractical in densely developed and populated areas where there is insufficient work space and/or where road traffic is heavy or congested.

Customer services and bill collection

During the year in review, PBAPP operated 9 customer care centres and a 24-hour call centre (tel. no. 04 255 8 255) to directly serve Penang water consumers and comply with the customer service key performance indicators (KPIs) set by National Water Services Commission (SPAN).

PBAPP’s compliance to SPAN’s customer service KPIs in 2025 is summarised in the following table:

1.	24-Hour Call Centre		
	(i)	Total number of calls received within 10 seconds	Average of more than 294 calls per day
	(ii)	Total number of calls answered within 10 seconds	Average of more than 289 calls per day
2.	Telephone queries – Response (10 seconds)		98.38%
3.	Response to queries - Complaints meaningfully addressed (3 working days)		99.94%
4.	Billing queries – Response (1 working day)		99.99%
5.	Customer Care Centres		
	(i)	Average Service Wait Time	2.14 minutes
	(ii)	Average Service Time	2.79 minutes
	(iii)	Average Payment Wait Time	0.97 minutes
	(iv)	Average Payment Service Time	0.87 minutes
	(v)	Total Customers Served	413,275
	(vi)	Total Stubs Collected	296,671

Customer services and bill collection (Cont'd)

Besides addressing customer enquiries, issues and complaints efficiently and effectively, the secondary function of the 9 customer care centres is to collect payments for water supply services in Penang.

In 2025, the total payments that were collected on an “across-the-counter” basis at these centres amounted to RM88.3 million, or 17% of PBAPP’s total bill collection of RM538.6 million for the year.

PBAPP’s customer care centre bill collection service were personalised “across-the-counter” transactions in which payments were collected only on a cashless basis (via online banking, e-wallets, debit or credit cards). Cashless payments support faster, safer and accurate water bill payments.

Over the past 9 years, PBAPP has been encouraging Penang water consumers to pay their water bills remotely, from the convenience of their homes or offices. The 3 primary mobile and online platforms that support this drive are the “myPBA” mobile app, “myPBA” online web portal and the “JomPay” online banking platform (for consumers who prefer to make payment through their web or app-based banking portals).

In terms of ringgit value, payments through these 3 mobile and online platforms accounted for 50.1% of PBAPP’s bill collection in 2025.

As the majority of Penangites are tech-savvy and enjoy well-connected lifestyles using their smartphones, the “myPBA” mobile app has become a popular payment option. The app recorded a total of 350,361 registered users in 2025.

While mobile payments focus on fast and easy payments (on a 24/7/365 basis), the “myPBA” online portal menu offers a wide selection of services, including applications to unclamp, reconnect or disconnect water meters. In the pipeline is an additional function that will allow Penangites to apply for water services online, without having to visit a PBAPP customer care centre.

As in previous years, PBAPP continued to leverage on the FB platform in 2025 to share/deliver information with Penang water consumers in a timely manner as well as to gather valuable feedback. The rationale is that FB is still the most popular, visible and convenient social media platform for the majority of Penangites. As at 31.12.2025, PBAPP’s FB page has garnered 109,136 followers.

Moving forward, PBAPP is also developing “WhatsApp” as a business-to-consumer (B2C) platform to interact more often and more constructively with its customers in the near future.

Human resource development

As part of its human resource development initiative, the Group continued to host, stage and sponsor training sessions for its personnel in 2025. The following table outlines a summary of these knowledge sharing and skills development sessions:

	In-house training	External training
Number of sessions	204	105
Participations in sessions	4,322	287

The Penang Water Services Academy (PWSA) was established in 2007 to promote skills competency and knowledge sharing in the Malaysian water industry. Managed by PBA Resources Sdn Bhd, PWSA enrolled a total of 437 students under its Malaysian Skills Certificate (SKM) programmes and other competency-oriented training programmes in 2025. The academy’s top 3 clients in 2025 were PBAPP, Pengurusan Air Pahang Berhad (PAIP) and Syarikat Air Darul Aman (SADA from Kedah). In 2025, Jabatan Bekalan Air Labuan (JBAL) signed on as a new client.

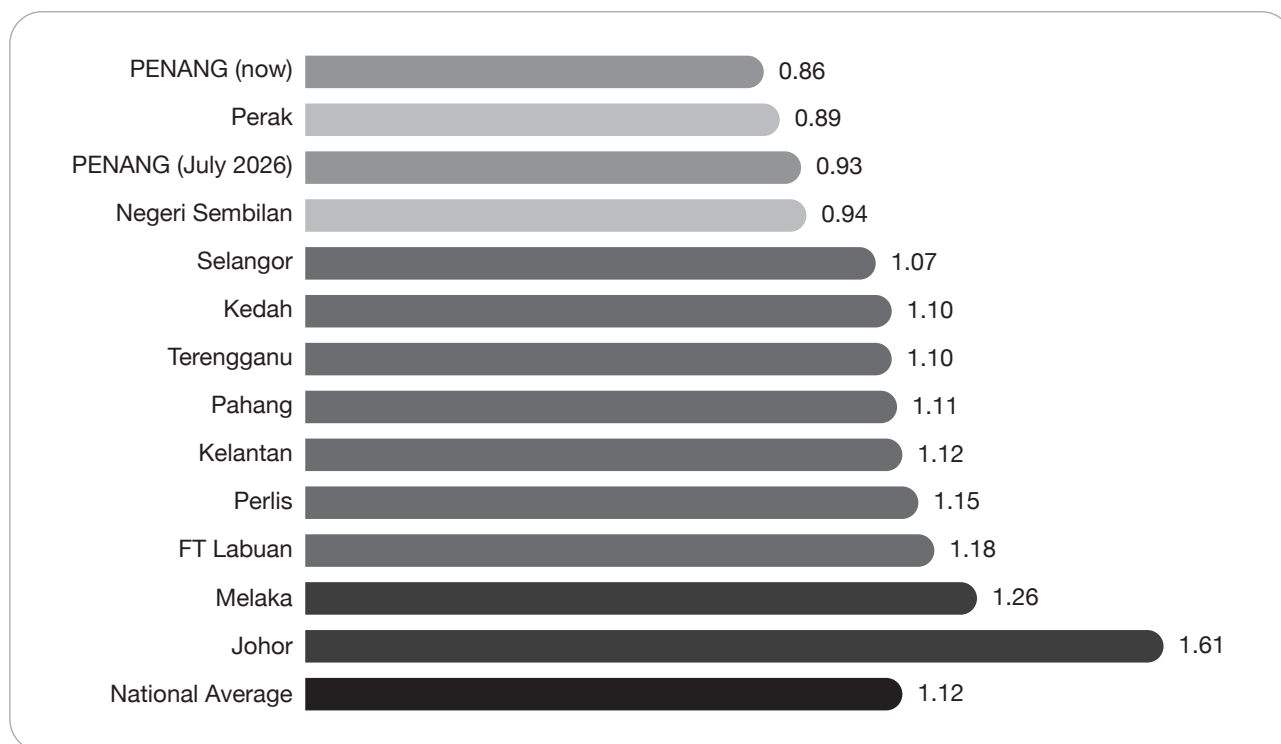
Water rates

During the year in review, PBAPP billed Penang water consumers for water supply in accordance to rates that were gazetted by the Federal Government of Malaysia on 31.1.2024. Although the Federal Government gazetted new rates for Penang on 30.7.2025, PBAPP complied with a Penang State Government directive to defer the implementation of those rates until 1.7.2026.

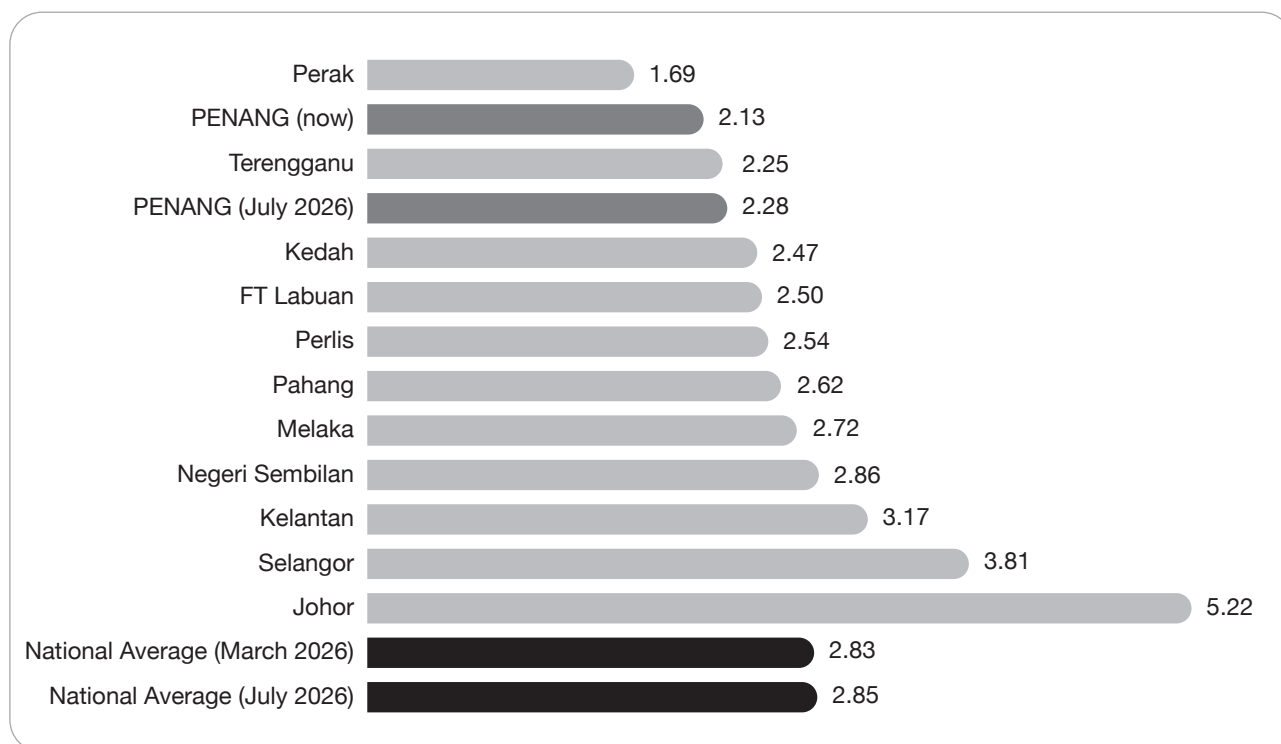
1. DOMESTIC (individual meter)	Current rate (RM/m³)	New rate from 1.7.2026 (RM/m³)
Consumption per month		
0 – 20 m ³	0.62	0.65
20 – 35m ³	1.17	1.30
More than 35m ³	2.07	2.21
Minimum charge	6.20	6.50
2. DOMESTIC (bulk meter)		
Flat rate per m ³	1.73	1.92
Minimum charge	17.30	19.20
3. NON-DOMESTIC		
Consumption per month		
0 - 35m ³	1.57	1.93
More than 35m ³	2.17	2.31
Minimum charge	15.70	19.30
4. HOUSES OF WORSHIP AND WELFARE ORGANISATIONS		
Flat rate per m ³	0.67	0.67
Minimum charge	6.70	6.70
5. SHIPPING		
Flat rate per m ³	7.07	8.01
Minimum charge	70.70	80.10
6. DATA CENTRES		
Flat rate per m ³	No specific rates	5.51
Minimum charge		55.10

By maintaining the 2024 rates, PBAHB recorded a revenue figure of RM568.444 million in the 2025 financial year. With the application of the new rate structure from 1.7.2026, PBAHB projects that PBAPP will generate an additional RM20 million in revenue in the 2026 financial year, barring unforeseen circumstances.

Comparison of DOMESTIC water rates in Malaysia
(RM/m³ for the first 35m³ per month):



Comparison of NON-DOMESTIC water rates in Malaysia
(RM/m³ for the first 500m³ per month):



RM5 billion sukuk programme

On 2.7.2025, PBAPP launched its inaugural RM5 billion Islamic Medium Term-Notes (IMTN) programme and sustainable finance framework. The IMTN programme is compliant with the sukuk *wakalah* structure.

In doing so, PBAPP emerged as the first Penang State GLC to raise medium- to long-term financing in this sustainable and scalable manner.

RAM Ratings Berhad (RAM Ratings) gave a “AAA/Stable” rating for PBAPP’s sukuk programme, the best and highest possible rating for a such a programme. Regulated by the Securities Commission Malaysia, RAM Ratings is the leading and largest independent credit rating agency in Malaysia and South-East Asia. It also serves as the world’s leading agency for securities issued under Islamic principles or sukuk.

Concurrently, PBAPP’s sustainable finance framework received a “gold sustainable finance” rating from RAM Sustainability Sdn Bhd.

On 11.2.2026, PBAPP also received 2 awards from RAM Ratings in relation to its sukuk programme and sustainable finance framework.

The proceeds of PBAPP’s sukuk programme will be utilised to:

- Fund Penang’s Water Contingency Plan 2030 (WCP 2030) projects,
- Provide broader capital expenditure and operational expenditure; and
- Finance green and social initiatives under a “gold-rated” sustainable finance framework.

By accessing an additional private capital market through the sukuk platform in this manner, PBAPP has diversified its funding options; further reduced reliance on government loans and grants; and reinforced its long-term commitment to environmental and financial resilience.

For investors, PBAPP’s sukuk programme offers fixed stable returns for investments in the Malaysian water supply sector while supporting socially responsible and environmentally friendly outcomes.

END NOTE:

This MDA should be read together with the Chairman’s Message and the CEO’s Report to form a comprehensive viewpoint of PBAHB’s performance in 2025, and its plans and outlook as at the first quarter of 2026.

CORPORATE

GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the Board) of PBA Holdings Bhd. (“PBAHB” or “the Company”) is pleased to present the Corporate Governance (CG) Overview Statement to provide shareholders and investors with a summary of the CG practices of the Company for the financial year ended 31 December 2025 (FY2025) and up to the latest practicable date of 14 April 2026 as set out in the Malaysian Code on Corporate Governance (MCCG) with reference to the following three key principles: -

Principle A	Principle B	Principle C
<p>Board Leadership and Effectiveness</p> <ul style="list-style-type: none"> • Board Responsibilities • Board Composition • Remuneration 	<p>Effective Audit and Risk Management</p> <ul style="list-style-type: none"> • Audit Committee • Risk Management and Internal Controls Framework 	<p>Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders</p> <ul style="list-style-type: none"> • Engagement with Stakeholders • Conduct of General Meetings

This overview statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and should be read in conjunction with the CG Report of the Company for FY2025, which is available on the Company’s website at www.pbahb.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The PBA Group of Companies (Group) is led by the Board, who have a wide range of competencies and experience ranging from the accounting, technical, business, legal and public service sectors.

The Board strives to ensure that the Company’s strategic objectives set are well conveyed throughout the Company in order to achieve the Company’s short and long term goals as a fundamental part of discharging its responsibilities to protect and create value for all stakeholders and raise the Company’s performance. The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 (Act), the MMLR, the MCCG, as well as the Company’s Constitution and Board Charter in discharging its fiduciary duties and responsibilities effectively. The Board has ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

The Board had objectively discharged its fiduciary duties and responsibilities at all times in the best interest of the Company.

Presently, the Board comprises only Non-Executive Directors and its role is to challenge constructively, provide strategic guidance, offer specialist advice and hold the Management to monitor and account in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels and they engage with the external and internal auditors to address matters concerning the Management. They will monitor the business performance of Management against the Company’s objectives and targets.

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

Board Responsibilities (Cont'd)

To enable the Board to carry out its responsibilities in meeting the Company's goals and objectives, the Board had, among others, carried out the following as guided by the Board Charter: -

- a) To develop, monitor and review the Group's strategic plan to ensure that sufficient resources are available or have been allocated to meet its objectives;
- b) To ensure the Group's core values, vision and mission, and shareholders' interests are met;
- c) To supervise the operations of the Group and evaluate whether established targets are achieved;
- d) To identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- e) To promote better investor relations and shareholder communication;
- f) To review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- g) To set up such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- h) To initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for Directors to attend courses, seminars, and participate in development programs as the Board judges appropriate;
- i) To ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility; and
- j) To monitor compliance with all relevant statutory and legal obligations.

The Board delegates the management of the Group's business to the Chief Executive Officer (CEO) and the Management Committee of Division Heads and Heads of Department. Management's performance was assessed by the Board through the quarterly reports which were tabled to the Board. The reports included a comprehensive summary of the Company's risks and financial performance during each reporting period. The Board is also kept informed of the key strategic initiatives, significant operational issues, and the Company's performance based on the approved Key Performance Indicators (KPIs).

In order to ensure the effective discharge of its functions and responsibilities to oversee the Company's affairs, specific powers of the Board were delegated to the related Board Committees and CEO. The Board Committees consist of the Audit and Risk Management Committee (ARMC), the Nomination and Remuneration Committee (NRC), and the Integrity Committee (IC).

Each Board Committee has its own Terms of Reference (TOR) which clearly outlines its objectives, composition, roles and responsibilities, authority and procedures. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairpersons of the Board Committees to the Board. These Board Committees are chaired by different directors. This removes the risk of self-review by the Chairman of the Board. The Board can therefore objectively deliberate the observations put forth by these committees.

However, significant matters such as approval of financial results, declaration of dividends, risk appetite setting, short-term and medium-term business plans/policies, annual budget and appointment of key responsible personnel are reserved for the Board's consideration and approval.

The Board is committed to maintaining a good risk management framework and sound system of internal control within the Group.

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

Roles and Responsibilities of Chairman of the Board

YAB Tuan Chow Kon Yeow is the Non-Independent and Non-Executive Chairman of the Board. He is responsible for the leadership of the Board and the overall conduct of the Board, Board Committees and individual director effectiveness. The Chairman is neither a member of the ARMC, the NRC nor the IC. The Chairman leads the Board in ensuring its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

The Chairman is also responsible for: -

- a) Providing leadership to the Board so that the Board can perform its responsibilities effectively;
- b) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- c) Conducting the Board's functions and meetings by leading board meetings and discussions;
- d) Overseeing the effective discharge of the Board's supervisory role;
- e) Facilitating the effective contribution of all Directors and encouraging active participation and allowing dissenting views to be freely expressed;
- f) Briefing all the Directors in relation to issues arising at meetings;
- g) Promoting constructive and respectful relations between Board members, and between the Board and the Management;
- h) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- i) Leading the Board in establishing and monitoring good corporate governance practices in the Company.

Roles and Responsibilities between the Chairman and the CEO

In line with the MCCG, there is a clear division of responsibilities between the Chairman and the CEO. The positions of the Chairman and the CEO are held by two (2) different individuals to promote accountability and facilitate the division of responsibilities between them.

Generally, the Chairman is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group, while the CEO focuses on the business and day-to-day management of the Group, to ensure implementation of policies and strategies approved by the Board and to communicate to the Board on matters pertaining to the business results and performance of the Group. The distinct and separate roles of the Chairman and the CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

The CEO is responsible for the operations of the Group with respect to both its regulatory and commercial functions. Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP), is a subsidiary of the Company, whose principal activity is to undertake the business activity of a water supply system which comprises the abstraction of raw water, treatment of water, supply and sale of treated water to consumers in Penang. PBAPP is subject to the National Water Services Commission (SPAN) rules and regulations on water matters.

The CEO holds an executive post and not being a member of the Board, has significant responsibilities to run the business based on strategic plans and ensure the conduct of the business and procedures are properly executed. The CEO presents to the Board the recommended strategies, proposed business plans, and budgets at a dedicated session which includes KPIs. The Board gives its feedback on focus areas, key initiatives, and service/product roadmaps in the preparation of Key Action Plans.

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

Company Secretaries

In compliance with Practice 1.5 of the MCCG, the Board is supported by suitably qualified and competent Company Secretaries. The existing Company Secretaries of the Company are as follows:-

- a) Ms. Chua Siew Chuan
- b) Ms. Low Seow Wei

The Company Secretaries act as corporate governance advisers to assist the Board in the discharge of its duties and to ensure effective functioning of the Board in accordance with the Company's Constitution, TOR and best practices in corporate governance. They also advise the Directors on their fiduciary and statutory duties, as well as on compliance with the Act the MMLR, the Company's Constitution, MCCG, and other relevant regulatory requirements governing the Company.

During the financial year, the Company Secretaries, or their representatives, had:

- in collaboration with Management, coordinated and managed all Board and Board Committee meetings of the Company;
- attended and recorded the minutes of all Board, ARMC, and NRC meetings and facilitated effective communication among the Board and Board Committees;
- ensured that appointment of Director(s) to the Board and/or Board Committees were carried out in accordance with the Company's Constitution, Directors' Fit and Proper Policy, TOR, MMLR, and other applicable regulatory requirements;
- advised the Board on meeting procedures and ensured that adequate and timely information was provided to enable informed decision making;
- kept the Board informed of the latest updates and guidance issued by Bursa Malaysia Securities Berhad, the Act and the Securities Commission Malaysia;
- facilitated the annual Board and Board Committee performance assessments, compiled the results and tabled them to the relevant Board Committees and the Board for review; and
- coordinated the organisation and conduct of the Twenty-Fifth (25th) Annual General Meeting (AGM) held on 26 June 2025.

The Company Secretaries continuously keep themselves abreast of developments in company law capital markets, corporate governance, and other relevant regulatory matters through ongoing professional development programmes and industry updates.

All members of the Board, whether collectively or individually, have unrestricted access to the advice and services of the Company Secretaries to assist them in the discharge of their duties.

The Board is satisfied with the performance and support rendered by the Company Secretaries in facilitating the effective functioning of the Board.

Board Meetings and Access to Information

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the Directors' attendance record at Board meetings as set out in the summary. The Board has at least four (4) regular scheduled meetings annually, with additional meetings convened as and when necessary.

A total of seven (7) Board meetings were held in the year 2025. The following is the record of attendance by the Board members during their tenure in office and all Directors have complied with a minimum of 50% attendance as stipulated by Paragraph 15.05(3)(c) of the MMLR:

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**Board Meetings and Access to Information (Cont'd)**

Names of Directors	Attendance Record
YAB Tuan Chow Kon Yeow	7 out of 7
YB Dato' Dr. Mohamad bin Abdul Hamid	7 out of 7
YB Dato' Seri Haji Zulkifli bin Long	7 out of 7
Dato' Haji Zairi bin Haji Mat Ali ^(Note 1)	Nil
YB Tuan Zairil Khir Johari	7 out of 7
Tuan Haji Fadzil bin Hj. Abdullah	7 out of 7
YBhg. Dato' Agatha Foo Tet Sin	7 out of 7
YBhg. Dato' Brian Tan Guan Hooi	5 out of 7
Puan Nor Hatina binti Md Salleh	5 out of 7
Encik Lim Eng Huat	6 out of 7
Cik Lim Seang Lee	6 out of 7
YM Raja Azmi bin Raja Nazuddin ^(Note 2)	2 out of 2
Dato' Ir. Sabri bin Abdul Mulok ^(Note 3)	Nil
YB Dato' Zabidah binti Safar ^(Note 4)	7 out of 7
Puan Mary Geraldine Phipps ^(Note 5)	3 out of 3

Notes:

(Note 1) *Dato' Haji Zairi bin Haji Mat Ali was appointed as a Non-Independent and Non-Executive Director ("NINED") on 1 April 2026.*

(Note 2) *YM Raja Azmi bin Raja Nazuddin was appointed as an Independent and Non-Executive Director ("INED") on 13 October 2025.*

(Note 3) *Dato' Ir. Sabri bin Abdul Mulok was appointed as an INED on 21 January 2026.*

(Note 4) *YB Dato' Zabidah binti Safar ceased as a NINED on 19 February 2026.*

(Note 5) *Puan Mary Geraldine Phipps retired as the Senior INED on 26 June 2025.*

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least seven (7) days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. There is a process in place for the Directors to seek clarification or obtain details concerning the Board agenda papers from the Management or the Company Secretaries or seek independent professional advice. Confidential papers or urgent proposals were presented and tabled at the Board meetings under a supplementary agenda.

The Board meeting materials are organised clearly and thoroughly to ensure Directors are well-informed about the issues for systematic deliberations and decision-making.

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

Board Meetings and Access to Information (Cont'd)

The Minutes of the Board/Board Committee meetings are circulated to the respective Chairman or Chairpersons in a timely manner for review before these minutes are confirmed. All Board members reviewed and confirmed the meeting minutes to ensure they accurately reflected the deliberations and decisions of the Board/Board Committee, including whether any Director abstained from voting or deliberation on a particular matter.

At the Board meetings, the Chairpersons of the respective Board Committees will report, advise and recommend to the Board, their salient views and conclusions of the respective agendas.

All Board Committees meetings were conducted separately from Board meetings to enable objective and independent discussion during the meetings. All Board Committees report to the Board on matters deliberated and the Board is ultimately responsible for the decision making. Each Committee operates within its respective defined TOR which have been approved by the Board.

The CEO, the Chief Operating Officer (COO), the Chief Financial Officer (CFO) and the Senior Management were invited to the Board or the Board Committee meetings to present and report on matters relating to their respective areas of responsibility and to brief and provide information and recommendations to the Directors.

The Board had access to reports, papers on specific issues, and information on major financial and operational matters. Management supplied sufficient information to the Board in a timely manner to enable the Board to perform its duties effectively. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request for further explanation, information, or updates on any aspect of the Company's operations or business concerns. In this way, the Board had full access to all information on the Company's affairs to enable the proper discharge of duties.

In addition, the Board/Board Committees may seek independent professional advice at the Company's expense on specific issues to enable the members of the Board/Board Committees to discharge their duties in relation to matters being deliberated in accordance with the Board Charter or the respective TOR of the Board Committees. The Board Charter and TORs for the respective Board Committees are available for reference on the Company's website.

With the amendment to the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) (MACC Act) whereby corporate liability provision under Section 17A came into force on 1 June 2020, the Board oversees compliance with anti-corruption policies and had established an independent, secure, and confidential reporting channel to address integrity related grousers. The reporting channel allows for direct reporting by the complainant in instances of integrity-related matters over and above reports made to or may be made to the Integrity Officer. The Board had established an Integrity Committee in January 2019 and appointed an Integrity Officer to provide the employees a safe, straight forward avenue to report any incidence or suspicion of corruption or malpractice, in order to identify problems and accordingly, take corrective action.

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

Continuing Education Programme

The Board oversees the training needs of the Directors. Directors are regularly updated by the CEO and the Senior Management on the Group's business and the regulatory environment in which they operate.

In accordance with the MMLR, all Directors appointed to the boards of public listed companies are required to attend the Mandatory Accreditation Programme (MAP).

The newly appointed Directors who have attended the MAP Part 1 are as follows:

- a) YB Dato' Seri Haji Zulkifli bin Long on 20 – 21 January 2025.
- b) Tuan Haji Fadzil bin Hj. Abdullah on 20 – 21 January 2025.
- c) YM Raja Azmi bin Raja Nazuddin on 8 – 9 December 2025.
- d) YBhg. Dato' Ir. Sabri bin Abdul Mulok on 8 – 9 April 2026

The following Directors attended the MAP Part 2:

- a) Puan Mary Geraldine Phipps on 23 – 25 January 2025.
- b) Encik Lim Eng Huat on 29 – 30 April 2025.
- c) Cik Lim Seang Lee on 4 – 5 June 2025.
- d) Tuan Haji Fadzil bin Hj. Abdullah on 23 – 24 June 2025
- e) YB Dato' Seri Haji Zulkifli bin Long on 30 – 30 July 2025
- f) YB Dato' Dr. Mohamad bin Abdul Hamid on 6 – 7 August 2025
- g) YM Raja Azmi bin Raja Nazuddin on 14 – 15 January 2026.

The Directors are encouraged to attend various professional programmes which are necessary to enable them to keep abreast with the changes in guidelines issued by the relevant authorities as well as on the latest developments in the marketplace, to complement their services to the Group. They have attended programmes on finance, risk management, and sustainability. Some of the programmes attended include: -

- a) Tax Summit 2025 Penang by KPMG PLT.
- b) Leadership in OSHA (Amendment) 2022 Compliance by Safetyware ESH Training and Consultancy.
- c) Bengkel Hala Tuju dan Peningkatan Hasil Pentadbiran dan Agensi Kerajaan Negeri Pulau Pinang by Pejabat Setiausaha Kerajaan Negeri Pulau Pinang (PSUKPP) & Jabatan Kewangan Negeri Pulau Pinang (JKNPP).
- d) AI Briefing by Huawei.
- e) Service Tax Updates and Implementation for Contractors Rental and Leasing and Related Industries by Malaysian Institute of Accountants.
- f) Reporting Transformation: Redesigning Financial Statements Presentation MFRS 18 Financial Statements Presentation & Disclosures by Ernst & Young Consulting Sdn Bhd.
- g) Empowering Resilience: Labuan IBFC's Strategic Risk Solutions for Malaysian Corporates by the Labuan International Business Financial Centre (IBFC) & Malaysian International Chamber of Commerce and Industry (MICCI).

In addition, the Directors are kept informed of the relevant updates on statutory and regulatory requirements from time to time by the Company Secretaries during Board meetings.

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

Board Charter

The Board has a Board Charter that is in line with the MCCG. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors, and Management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and TORs of the Board, Board Committees, and Management.

The updated Board Charter is available on the Company's website.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, the ARMC, NRC and IC. These Committees are entrusted with specific responsibilities to assist the Board in overseeing the Company's affairs, in accordance with their limits of authority and respective TORs. These TORs are reviewed from time to time as and when required. The Board kept itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the reports made by the respective Board Committee Chairpersons, at Board meetings.

Code of Conduct and Ethics

The Board has in place a Code of Conduct and Ethics (the Code) for the Directors, Management, and employees of the Company and its subsidiaries. The Code provides the guidance to all employees of the Group in the aspect of conflicts of interest, gifts and hospitality, integrity and professionalism, public statements and confidentiality, protection, and use of the Group's assets or property, reporting illegal or non-compliant conduct, compliance with laws and regulations, violation of the Code and consequences of non-compliance with the Code.

The Code of Conduct and Ethics is available on the Company's website at www.pbahb.com.my.

The Group has adopted a policy pertaining to integrity and the Group's anti-bribery practice and the said policy is published on the Company's website. Employees are made aware that relevant disciplinary action will be taken for unethical behaviour and misconduct.

Whistleblowing Policy

The Board has in place a Whistleblowing Policy. The Whistleblowing Policy is an essential part of the Group's internal control system setting out a framework for all employees and stakeholders of the Group to report any concern about any malpractice within the Group. It also helps to nurture a good organisational culture within the Group and develops a culture of openness, transparency, accountability, and integrity, which ultimately formulates standards of corporate behaviour creating an ethical corporate climate.

In addition to the above and in order to improve the overall organisational effectiveness and to uphold the integrity of the Group in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, the Group has instituted the whistleblowing program which acts as a formal communication channel and the staff can communicate concerns in cases where the Group's business conduct is deemed to be contrary to the Group's common values. Details of the said Whistleblowing Policy are set out in this Annual Report. The Whistleblowing Policy is available on the Company's website at www.pbahb.com.my.

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

Sustainability

The Senior Management drives the strategic management of the Group's sustainability matters. They plan and implement long-term strategic plans to guarantee Penang's water supply security in the future, such as the five (5) years' business plan etc. The Board and Management continuously engage and consider the views of its stakeholders to better understand and manage the Group's sustainability risks and opportunities.

PBAHB regularly releases press statements to inform the public and shareholders of its business priorities, strategies and targets. Material sustainability matters and its long-term plans are also disclosed in the Annual Report. The Board is kept abreast by Senior Management on the Group's sustainability matters and strategic plans to ensure long-term business sustainability. This gives them an understanding of the business risks and opportunities. During its annual assessment, the Board reviewed its performance in addressing the Group's material sustainability risks and opportunities.

A Sustainability Steering Committee (formerly known as the Sustainability Committee) was established in 2018. It is led by the CEO. The Committee discusses sustainability matters, stakeholders' expectations and the prioritisation of sustainability matters. Sustainability KPIs have been established and are reviewed yearly. The Sustainability KPIs are established to monitor and measure the achievement of targets set. For further information, kindly refer to the PBAHB Sustainability Statement 2025 in the Annual Report.

Board Composition

The Board currently consists of thirteen (13) Board members, all holding non-executive positions, of which six (6) are Independent and Non-Executive Directors. This complies with the Company's Constitution, where the number of directors shall not be less than two (2) nor (unless otherwise determined by the Company at the General Meeting) more than seventeen (17). The Board also complies with Paragraph 15.02 of the MMLR which requires at least two (2) Directors or 1/3 of the Board of the Company, whichever is higher, to be independent directors.

The Board is of the view that the number of Independent Non-Executive Board members with wide Boardroom experience and expertise is sufficient to provide independent objectivity and added perspectives to the Board's decision-making process.

The Board took note of the MCCG's Practice 5.2 which provides that at least half of the Board should comprise Independent Directors. However, the Board has no plan to increase the number of Independent Directors in the Company at this juncture since all the Board members hold non-executive positions.

The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to a non-diverse board. The Board practices no discrimination in terms of the appointment of Directors as well as hiring employees, wherein they are appointed based on their merit, skills, and experience.

Currently, the Company has three (3) women Directors, which represent 23% of the Board. The women on the Board, Top and Senior Management are as follows: -

- a) YBhg. Dato' Agatha Foo Tet Sin (Non-Independent and Non-Executive Director)
- b) Puan Nor Hatina binti Md Salleh (Independent and Non-Executive Director)
- c) Cik Lim Seang Lee (Independent and Non-Executive Director)
- d) Dr. Mary Ann Harris (Chief Financial Officer)
- e) Puan Joyce Lee Suan Imm (Head of Corporate Affairs Division)

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

Commitment

The Board has adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process for the appointment, re-appointment and re-election of Directors. The policy is available on the Company's website. The Board is assisted by the NRC in discharging its responsibilities of overseeing the selection and assessment of Directors to ensure that the Board comprises an appropriate mix of skills, experience age and gender. All Directors of the Company comply with the limit of not holding more than five (5) directorships in the listed issuers at any one time, in line with the MMLR. This ensures that the Directors are able to devote sufficient time and attention to effectively discharge their responsibilities.

During the financial year ended 31 December 2025 (FY2025), the Board, through the NRC, conducted the following assessments:

- Evaluation of the effectiveness of the Board as a whole and the various Board Committees;
- Annual Assessment of independence of the Independent Directors;
- Review of the term of office and performance of the ARMC; and
- Evaluation of Key Officers Performance of C-Suite Management, namely the CEO, COO and CFO.

Based on the outcome of the assessment, the NRC is:

- satisfied with the effectiveness of the Board and Board Committees;
- satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company;
- satisfied with the performance of the ARMC; and
- satisfied with the performance of the C-Suite Management and has provided recommendations for improvement.

The evaluation process was internally facilitated. Overall, the Board and Board Committees were assessed to have met the fit and proper criteria and to have discharged their duties and responsibilities effectively.

The Board will consider engaging an independent professional party to facilitate future Board evaluation to enhance objectivity when deemed necessary.

Tenure of Independent Directors

Pursuant to Practice 5.3 of the MCGG, the Company is required to seek shareholders' approval if it intends to retain an Independent Director, who has served the Company for a cumulative term of more than nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director for more than nine (9) years, it should justify its decision and seek annual shareholders' approval at the AGM.

Paragraph 1.01 of the MMLR limits the tenure of an Independent Director to not more than a cumulative tenure of twelve (12) years from the date of such person's first appointment as an Independent Director in the corporation. All long-serving Independent Directors affected by this requirement shall be redesignated as Non-Independent Directors or replaced by the Board on or after 1 June 2023.

The Independent and Non-Executive Director, YBhg. Dato' Brian Tan Guan Hooi (Dato' Brian Tan) has been serving on the Board for more than nine (9) years since his appointment on 13 October 2015.

The Board, upon recommendation of the NRC, has recognised his past experience and overall contribution to the Company and approved to retain Dato' Brian Tan as an Independent and Non-Executive Director of the Company, subject to the shareholders' approval through a two-tier voting process at the forthcoming AGM.

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

Appointments to the Board

Generally, the Board through the NRC, will assess the candidate for proposed directorship by considering his/her character and integrity, competence and capability, time and commitment (fit and proper criteria), and other factors that will best qualify a nominee to serve on the Board. A proposed Independent Director must satisfy the test of independence of an Independent Director as defined under Paragraph 1.01 and Practice Note 13 of the MMLR. He/She must have the ability to act in the best interest of the Group, considering the candidate's character, integrity, and professionalism.

This helps to ensure an appropriate balance between the experienced perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.

There is a process for the selection and nomination of suitable candidates for the Board. Potential candidates can be identified by the NRC, existing Directors, or any major shareholder. The NRC reviews the suitability of candidates identified and makes recommendations to the Board for appointments and it is responsible to ensure that appointments are made on merit.

ARMC

Details of the ARMC are contained in the ARMC Report in this Annual Report.

NRC

In accordance with the TOR for the NRC, the NRC shall consist of no fewer than three (3) members, all of whom must be Non-Executive Directors, with a majority being independent. The current composition of the NRC are as follows: -

Name	Designation	Directorship
YM Raja Azmi bin Raja Nazuddin <i>(appointed as a member on 18 November 2025 and redesignated as Chairman on 1 March 2026)</i>	Chairman	Independent and Non-Executive Director
YBhg. Dato' Agatha Foo Tet Sin	Member	Non-Independent and Non-Executive Director
YBhg. Dato' Brian Tan Guan Hooi	Member	Independent and Non-Executive Director
Puan Nor Hatina binti Md Salleh	Member	Independent and Non-Executive Director
Encik Lim Eng Huat	Member	Independent and Non-Executive Director
Cik Lim Seang Lee	Member	Independent and Non-Executive Director

Puan Mary Geraldine Phipps retired from being the Senior Independent and Non-Executive Director of PBAHB on 26 June 2025 and relinquished her position as member of the NRC on the same day accordingly. YB Dato' Zabidah binti Safar ceased as an NINED on 19 February 2026 and relinquished her position as member of the NRC on the same day accordingly. YB Dato' Dr. Mohamad bin Abdul Hamid ceased to be the Chairman and member of the NRC on 1 March 2026.

There is a formal and transparent procedure for the appointment of new Directors to the Board, the primary responsibility of which is delegated to the NRC, with the membership comprising exclusively Non-Executive Directors, the majority of whom are independent. This composition of only Non-Executive Directors with the majority as Independent and Non-Executive Directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

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

NRC (Cont'd)

Currently, the Chairman of the NRC is YM Raja Azmi bin Raja Nazuddin, who is an Independent and Non-Executive Director.

The Board is satisfied with the composition of the NRC and confident that this Committee discharges its functions efficiently and effectively with respect to the nomination and remuneration matters.

The NRC convened seven (7) meetings during FY2025 and carried out the following activities in the discharge of its duties: -

- a) conducted the annual evaluation of the effectiveness of the Board as a whole and the various Board Committees, and concluded that they have discharged their duties and responsibilities effectively;
- b) assessed the independence of the Independent and Non-Executive Directors and made recommendations to the Board, which was satisfied with the level of independence;
- c) reviewed and recommended the re-election of Directors retiring by rotating at the 25th AGM, after assessing their character, integrity, reputation, competence, experience, and time commitment;
- d) reviewed proposed candidates for appointment as Independent Directors for the Board's consideration and approval;
- e) reviewed and recommended the appointment of members of Board committees for the Board's consideration and approval;
- f) reviewed the existing employees' performance appraisal system and proposed revisions to the 2025 Key Performance Indicators (KPIs) for the CEO, COO, CFO and the Head of Internal Audit;
- g) evaluate the performance of the C-Suite Management for FY2025;
- h) reviewed Management's recommendation and proposed to the Board the year-end bonus and annual salary increment for eligible employees of the Group; and
- i) reviewed the remuneration package of the C-Suite Management.

In recommending suitable candidates for directorships and Board Committee memberships, the NRC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any nomination received is subjected to a comprehensive assessment before being recommended to the Board for approval.

The TOR of the NRC is available on the Company's website.

Directors' remuneration

None of the Directors received any basic salary or bonus, as all the Directors are Non-Executive Directors. The Company only paid fixed monthly and meeting allowances to the Directors.

The Non-Executive Directors are remunerated based on the allowances and benefits approved by the shareholders during each AGM as required by Section 230 of the Act and Paragraph 7.24 of the MMLR.

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' Remuneration on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company.

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

Directors' remuneration (Cont'd)

The present remuneration structure for the Non-Executive Directors as approved by the Board is as follows: -

	Description			
	Monthly fixed allowance (RM)		Meeting allowance (RM) (per meeting)	
	Company	Subsidiaries	Company	Subsidiaries
Chairman	3,000	3,000	500	500
Deputy Chairman	1,500	1,500	500	500
Non-Executive Directors	1,000 - 1,500	1,000	500	500

Other Claimable Benefits: Business travel and accommodation, communication, medical coverage and other claimable benefits.

Gadget allowance of RM6,000 for the Board Members, to be paid once every two (2) years.

As required by Section 230 of the Act, the payment of the Directors' benefits up to an amount of RM650,000 for the period from 27 June 2025 until the conclusion of the upcoming Twenty-Sixth (26th) AGM has been presented to the shareholders and duly approved by them at the 25th AGM held on 26 June 2025.

The breakdown of the Directors' allowances paid in 2025 are as follows: -

Name of Director	Allowance
	(RM)
YAB Tuan Chow Kon Yeow	84,500
YB Dato' Dr. Mohamad bin Abdul Hamid	48,500
YB Dato' Seri Haji Zulkifli bin Long	35,000
Dato' Haji Zairi bin Haji Mat Ali (<i>Appointed on 1 April 2026</i>)	0
YB Tuan Zairil Khir Johari	36,000
Tuan Haji Fadzil bin Hj. Abdullah	17,000
YBhg. Dato' Agatha Foo Tet Sin	25,500
YBhg. Dato' Brian Tan Guan Hooi	31,000
Puan Nor Hatina binti Md Salleh	34,000
Encik Lim Eng Huat	34,000
Cik Lim Seang Lee	37,500
YM Raja Azmi bin Raja Nazuddin (<i>Appointed on 13 October 2025</i>)	11,500
YB Dato' Ir Sabri Bin Abdul Mulok (<i>Appointed on 21 January 2026</i>)	0
Puan Mary Geraldine Phipps (<i>Retired on 26 June 2025</i>)	17,000
YB Dato' Zabidah binti Safar (<i>Ceased on 19 February 2026</i>)	46,000
Total	457,500

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

Senior Management’s Remuneration

The Board has identified the top three (3) Senior Management of the Company as Pivotal Positions, of which their appointment falls under the purview of the NRC and the Board. They are the CEO, COO and the CFO.

Save the remuneration disclosure of the CEO on a named basis, the Board has opted not to disclose on a named basis the top two (2) Senior Management’s remuneration in the bands of RM50,000 for the best interest of the Group taking into consideration the sensitivity, security, and issue of staff morale.

The remuneration of the CEO during FY2025 is as follows:

	Salary (RM)	Bonus (RM)	Defined Contribution Plan – EPF (RM)	Other Emoluments (RM)	Benefits in kind (RM)	Total (RM)
Dato’ Ir Pathmanathan A/L Krishnan Kutty Raman Nair	600,000	196,774	123,122	36,660	23,424	979,980

Notes:

1. *Defined contribution plan: Consists of Employees Provident Fund (EPF) Employer contributions.*
2. *Benefits In-Kind (BIK): BIK reimbursements consist of the amount received by the CEO in 2025 for the BIK reported in 2024 and the BIK for company vehicle, petrol & driver expenses in 2025.*
3. *Other Emoluments: Include director allowances received from a subsidiary within the Group.*

The Company also considered the information of the remuneration of the Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company’s efforts in retaining executive talents. Nevertheless, an aggregate amount of remuneration/compensation of the key Management personnel was disclosed under Note 19 of the Audited Financial Statements for FY2025.

In achieving the intended outcome, the Senior Management remuneration packages are subject to review and approval by the Board on the recommendation of the NRC. The Top Management’s performance is evaluated based on the KPIs as set by the Board on a yearly basis.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Currently, the ARMC comprises six (6) members, all of whom are Non-Executive Directors; five (5) including the Chairman are Independent Directors. Below is the existing composition of the ARMC: -

Chairman:

YBhg. Dato’ Brian Tan Guan Hooi (Independent and Non-Executive Director) (redesignated as Chairman on 30 June 2025)

Members:

YBhg. Dato’ Agatha Foo Tet Sin (Non-Independent and Non-Executive Director)

Puan Nor Hatina binti Md Salleh (Independent and Non-Executive Director)

Encik Lim Eng Huat (Independent and Non-Executive Director)

Cik Lim Seang Lee (Independent and Non-Executive Director)

YM Raja Azmi bin Raja Nazuddin (Independent and Non-Executive Director) (appointed on 18 November 2025)

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

The ARMC is chaired by the Independent and Non-Executive Director, YBhg. Dato' Brian Tan Guan Hooi who is not the Chairman of the Board. He is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA), a Fellow of the Certified Practising Accountant (FCPA) registered with the CPA Australia and a CPA registered with ASEAN CPACC. Members of the ARMC have relevant experience and expertise to effectively perform their duties. Puan Mary Geraldine Phipps retired as the Senior Independent and Non-Executive Director of the Company on 26 June 2025 and ceased to be the Chairperson and member of the ARMC the same day.

The Board, through the NRC, assesses the composition and performance of the ARMC through an annual Board Committee effectiveness assessment. Based on the assessment conducted for the FY2025, the Board was satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC's TOR. The TOR of the ARMC is available on the Company's website.

As promulgated by the MCGG, the ARMC should collectively possess a wide range of necessary skills to discharge its duties and that all members should also be financially literate and able to understand matters under the purview of the ARMC including the financial reporting process. The Board deems that the members of the ARMC collectively possess the accounting and related financial management expertise and experience required for the ARMC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

In FY2025, ARMC members have attended various conferences, seminars and trainings and all members of the ARMC are mindful of the need to continue to enhance their skills and knowledge to assist them in the discharge of their duties and they have attended relevant development and training programmes according to their individual needs to keep abreast of the developments in accounting and auditing standards and other changes in laws and regulations and to enhance their ability in discharging their duties and responsibilities more effectively.

The ARMC had reviewed and revised its TOR to include the requirement for a former audit partner of the Company's auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The Company will ensure that the cooling off period of three (3) years is observed if and when the Company is seriously considering such a person for appointment to the ARMC.

The ARMC adopted policies and procedures to assess the suitability, objectivity and independence of the external auditors annually.

An annual assessment on the independence and effectiveness of the external auditors, namely KPMG PLT Malaysia was conducted in February 2025. The ARMC was satisfied with the performance of KPMG PLT Malaysia and has recommended to the Board to put forth the proposal for re-appointment of KPMG PLT Malaysia as external auditors of the Company for FY2025 to the shareholders for approval at the upcoming AGM of the Company.

In addition, the ARMC also reviews the non-audit services provided by the external auditors, if any. The non-audit fees paid or payable by the Group and by the Company to the external auditors and a company affiliated with the external auditors for FY2025 amounted to RM93,900 and RM47,500 respectively.

The ARMC meets with the Group's external auditors to review the scope and adequacy of the audit process, the annual financial statements, and their audit findings. The ARMC had obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The ARMC conducted two (2) private sessions with the external auditors without Management's presence in FY2025.

The ARMC also considered the openness in communication and interaction with the audit engagement team through discussions at private meetings, which demonstrated their independence, objectivity, and professionalism.

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

A formal and transparent relationship was established with the Group's external and internal auditors through the ARMC. The key features outlining the relationship of the ARMC with both the external and internal auditors are included in the ARMC Report furnished in this Annual Report.

An overview of the membership, composition and summary of work carried out by the ARMC during FY2025 is set out in the ARMC Report of this Annual Report. The Board was satisfied with the performance of the ARMC and confirmed that they have carried out their duties and responsibilities effectively in accordance with the TOR.

Risk Management and Internal Controls

The Risk Management Committee (RMC) was formed in April 2002 by the Board. It is headed by the CFO and comprises the CEO, Division Heads, and Water Engineering Heads of Department. Since 2012, an enhanced Enterprise-wide Risk Management (ERM) framework has been incorporated within the Group to ensure a continuous and iterative process towards the enhancement of risk management across the Group.

The Board is committed to maintaining a good risk management framework and sound system of internal control within the Group. The Group embedded a risk management process for the identification, evaluation, reporting, treatment, monitoring, and review of the major strategic, business and operation risks within the Group. The Board through the ARMC would obtain updates on the periodic checks on the internal control system.

The ARMC oversees and reviews the risk management and internal controls of the Company. The ARMC reviews and endorses the risk management framework, guidelines, and other key components of risk management for implementation within the Company and throughout the Group. The ARMC also reviewed and endorsed the risk profiles of the Group. In addition, the ARMC reviewed the progress of ongoing risk management activities to identify, evaluate, monitor, and manage key risks.

The ARMC also oversees the risk management framework of the Group, reviews the risk management policies formulated by the Management, and advises the Board on areas of high risk identified by the Group and the adequacy of compliance and controls.

The details of the risk management are set out in the Statement on Risk Management and Internal Control (SORMIC) in this Annual Report. The SORMIC was reviewed by the external auditors who have reported that nothing has come to their attention that had caused them to believe that the said SORMIC is inconsistent with their understanding of the process the Group has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control systems.

Treatment of risk requires the identification and evaluation of existing controls. The risks are further reviewed considering the controls implemented. Further monitoring and evaluation of risks are carried out from time to time to ensure that the controls remain relevant. The monitoring and reporting of risks, controls, and management actions are carried out using the ERM system.

In addition, the Company has an in-house internal audit function within the Group where the Head of Internal Audit, who reports directly to the ARMC, undertook an independent assessment of the internal control system on a quarterly basis and assured the ARMC that no material issue or major deficiency had been noted which would pose a high risk to the overall system of internal control under review. The role of internal auditors is to provide independent and objective reports on the organisation's management, records, accounting policies, and internal control.

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

Internal Audit Department (IAD)

The IAD is headed by Dr. Shanmuga Sundaram a/l Murugason, who holds a Bachelor of Accounting Degree with Honours from Universiti Utara Malaysia (1998) and a Master Degree in Business Administration (MBA) from Universiti Sains Malaysia (2016). He received his Doctorate of Business Administration from Universiti Sains Malaysia in March, 2023. He is a Chartered Accountant registered with the MIA and also an Associate member of the Institute of Internal Auditors Malaysia (IIAM).

The IAD comprises twelve (12) staff and carries out internal audit responsibilities in an unbiased manner without impairing their objectivity and independence. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their audit.

The audit framework of organisation is aimed to enhance and protect the organisational value of the Group by providing risk-based and objective assurance, advice and insight. The audits are performed to ascertain compliance with the established organisation policies, directives, procedures, and professional practice of Internal Auditing.

The Head of Internal Audit will report his findings on the internal audit issues and update the ARMC on a quarterly basis for the ARMC's decision and action, before the ARMC Chairman subsequently report to the Board for approval.

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

Relations with Shareholders

In maintaining our commitment to effectively communicate with shareholders, the Group adopted the practice of comprehensive, timely, and continuing disclosures of information to its shareholders and to the general investing public. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR.

The Board is conscious of the importance and need to communicate with its shareholders, stakeholders, and potential investors to keep them well informed on the Group's operations and latest developments. Information disseminated to the investment community conforms to Bursa Malaysia Securities Berhad's disclosure rules and regulations.

The Company is not categorised as a "Large company" and hence, has not adopted integrated reporting based on a globally recognised framework.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Reporting via the Internet

The Company maintains a website at www.pbahb.com.my to facilitate access to pertinent information concerning the Company and its Group's operations by the shareholders, consumers, and the public. This information includes: -

- Quarterly Announcements
- Annual Reports
- Circulars to Shareholders
- Press Statements
- Board Charter
- Directors' Fit and Proper Policy
- Terms of Reference of the respective Board Committees
- Code of Conduct and Ethics
- Whistleblowing Policy
- Integrity Policy
- Other Important Announcements

Annual General Meeting (AGM)

The Company's AGM represents the primary platform for communication with its shareholders. The AGM provides a useful forum for shareholders to engage directly with the Board and the Management of the Company.

The notice of the 25th AGM of the Company held on 26 June 2025 was issued more than 28 days prior to the meeting. This is to ensure that shareholders were given sufficient time to read and consider the resolutions presented at the 25th AGM.

The notice of the 25th AGM of the Company provided further explanation beyond the minimum content stipulated in the MMLR for the resolution proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

In 2025, the 25th AGM of the Company was conducted physically. This decision was made as the statistics showed that the attendance at the previous AGMs held physically were higher compared to the virtual AGMs that were conducted.

The Chairman of the Board shall ensure that the AGM supports meaningful engagement between the Board, Senior Management and shareholders. The engagement shall be interactive and include robust discussions on the Company's financial and non-financial performance as well as the long-term strategies.

The Chairman provided time for the shareholders to raise questions for each agenda in the notice of the 25th AGM, before putting a resolution to vote. The Directors, CEO, Management and external auditors were in attendance to respond to the shareholders' queries. The Chairman also shared with the shareholders of the Company's responses to the questions submitted prior to the 25th AGM by the Minority Shareholders Watch Group (MSWG).

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Annual General Meeting (AGM) (Cont'd)

All resolutions at the 25th AGM held on 26 June 2025 were conducted by way of electronic polling to ensure transparency, efficiency and accuracy in the voting process. The Company appointed Securities Services (Holdings) Sdn. Bhd. as the Poll Administrator to conduct the polling process and an independent scrutineer was appointed to verify the poll results. The voting results were displayed on the projector screen during the AGM and were announced via BursaLINK on the same day.

The full minutes of the 25th AGM, which include the proceedings of the meeting as well as questions, issues and concerns raised by shareholders together with the Company's responses were published on the Company's corporate website within thirty (30) business days after the conclusion of the AGM.

Compliance Statement by the Board of Directors on Corporate Governance Statement

The Board is satisfied that the Company had complied most of the practices of the MCCG. The Company also fulfilled its obligations in accordance with all applicable laws, regulations, internal and external guidelines on corporate governance throughout FY2025. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

The Board has deliberated, reviewed, and approved this Corporate Governance Overview Statement. Pursuant to Paragraph 15.25 of the MMLR, the Board is pleased to report that the Board is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with all the applicable laws, regulations, internal and external guidelines on corporate governance throughout the FY2025.

This Statement is approved by the Board of Directors on 23 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Statement on Risk Management and Internal Control

The Board of Directors (the Board) is pleased to issue the following Statement on Risk Management and Internal Control (the Statement) pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and as guided by the Statement on Risk Management & Internal Control: Guidance for Directors of Listed Companies (Internal Control Guidance) issued by the Task Force on Internal Control in September 2025 with the support and endorsement of Bursa Malaysia Berhad.

Responsibilities

The Board is responsible for the adequacy and effectiveness of the Group's systems of risk management and internal control. The Management is responsible for the implementation of the Group's policies on internal control. Notwithstanding that, in view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage rather than eliminate risks that may hinder the achievement of the Group's corporate objectives. Whilst pursuing these objectives, risk management and internal controls can only provide reasonable and not absolute assurance against material misstatements by management of financial information and records or against financial losses, fraud or any breach of laws and regulations.

Nature and Scope of Risk Management and Internal Control

The risk management and internal control approach has always been holistic and process-embedded, covering all aspects of the Group's businesses and functional risk controls. These integrated controls are designed to mitigate both internal and external risks which can be inherent or controllable in nature in order to optimise the Group's ability to achieve its corporate objectives.

The organisation's risk management process has been formalised via its enterprise-wide Risk Management Framework, which in the Board's opinion, provides an adequate and satisfactory mechanism for an on-going process of identification, evaluation, managing and monitoring of high and significant risks. In that regard, the Board acknowledges that the nature and scope of risk management and internal control of the Group are satisfactory and adequate in addressing its current principal risks. The Board reviews the risk management process on a regular basis to ensure proper management of risks and that appropriate measures are taken to address any identified weaknesses.

Risk Management Framework

The governance of risk management is the responsibility of the Board and is carried out through the Audit and Risk Management Committee (ARMC). This ensures that a sound risk management framework is maintained by Management towards upholding the shareholders' interest and the Company's assets. The Board also determines the extent of risk the Board is willing to take towards the achievement of strategic objectives and through the promulgation of its Risk Management Policy, a risk management framework was established.

The Risk Management Committee (RMC) was formed in April 2002 by the Board, headed by the Chief Financial Officer (CFO) and comprises the Chief Executive Officer (CEO), Heads of Divisions and Water Engineering Departments. The RMC reviews the management of the risks and the effectiveness of controls in place for risk mitigation. The Committee also ensures that the risk management framework is effectively implemented within the Group.

Risk Management Framework (Cont'd)

Since 2012, an enhanced Enterprise Risk Management (ERM) framework has been incorporated within the Group to ensure a continuous and iterative process towards the enhancement of risk management across the organisation. This framework is focused on establishing a mechanism where risks are managed through internal controls and reduction of exposure whilst achieving the organisation's vision and mission. A clear quantitative and qualitative measure for the assignment of risk rating is established and approved by the Board for the purpose of aligning the organisation's risk tolerance for an effective risk management approach. This provides a consistent and systematic approach for risk identification, risk measurement, evaluation of existing controls, development of risk treatment and action plans, and also continuous monitoring to ensure compliance. The Risk Management Policy includes the need for managing Environmental, Social and Governance (ESG) risks. The policy can be found in this Annual Report and on the Company's website, www.pbahb.com.my.

The approach for risk identification requires the establishment of the relationship between a risk and the source of risk against the vision, mission and strategic objectives of the organisation. The inherent nature or controllable nature of risk is clearly established to identify the limitation of controls for the risk.

The measurement of risk takes into account the likelihood of occurrence and severity of impact based on the Board approved parameters. These parameters cover both the quantitative and qualitative aspects of the business. This measurement allows for the assignment of risk ratings for the identified risks and for the risk owners to take further action based on the level of risk.

Management of risks requires the identification and evaluation of existing controls. The risk itself is further reviewed considering the controls and a net risk rating is assigned based on the residual risk. Where necessary, management action plans will be established to mitigate the identified risk. Ownership of management's action plans is assigned to the relevant department and divisional heads. Deadlines are given and management's action plans are reviewed periodically. The RMC will determine the final treatment of residual risks.

Further monitoring and evaluation of risks are carried out from time-to-time to ensure that the controls remain relevant and the risks are monitored. The monitoring and updating of risks, controls and management actions are carried out using the ERM system.

The RMC Chairperson, who is the CFO, updates the ARMC on a quarterly basis with a summary report on the high and significant risks at corporate level and the status of control measures and management's action plans specified to address and mitigate the risks. The Board meets to review and deliberate on the risk and control issues reported to them by the ARMC.

The Group's key risks for 2025 include:

- 1) Insufficient raw water

One Major Raw Water Source

Penang only has one major raw water source, the Sungai Muda. Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP) abstracts more than 80% of its daily raw water usage from that river. Any threats to the quality and quantity of raw water significantly impact water supply in Penang.

Risk Management Framework (Cont'd)

The Group's key risks for 2025 include: (Cont'd)

1) Insufficient raw water (cont'd)

Ensuring Sufficient Raw Water on Penang Island

Penang has two dams on Penang Island, namely the Air Itam Dam and Teluk Bahang Dam. Reduced rainfall in key catchment areas over recent years has affected the effective capacities of the dams. Since 2021, both dams have not been refilled to 100%. Insufficient raw water would affect water supply on Penang Island.

PBAPP had been monitoring the situation and undertook proactive measures. These initiatives focused on preserving effective capacities, optimising raw water resources and ensuring the continuity of water supply during periods of low rainfall.

At Teluk Bahang Dam, PBAPP capped daily drawdowns. Management implemented the Air Itam Dam Action Plan (AIDAP), to preserve the effective capacity of the dam. The plan included:

- 1) Limiting daily drawdowns to between 11 Million Litres per Day (MLD) to 22 MLD;
- 2) Pumping up to 33 MLD of treated water from the Sungai Dua Water Treatment Plant (WTP) in Seberang Perai into the dam's service area; and
- 3) Optimising treated water production at the Air Itam WTP based primarily on raw water availability from Mains Stream and Tat's Stream.

By year-end, the effective capacities of the Air Itam Dam and Teluk Bahang Dam were higher than 90% in late December, for the first time since 2017. The primary factor for this is high volume of rainfall in the Water Catchment Areas (WCAs) from September to November 2025. The secondary factors include the risk mitigation measures, which included the implementation of the AIDAP, strategic refilling of the Teluk Bahang Dam through raw water transfers from the Batu Ferringhi and Sungai Pinang WCAs. Additionally, optimisation of raw water usage in Batu Ferringhi to support Batu Ferringhi WTP operations helped reduce drawdowns from Teluk Bahang Dam. These measures collectively ensured that raw water reserves remained sufficient to support operational and supply reliability throughout the period.

Perak-Penang Water Project as an Additional Water Source

The Perak-Penang Water Project is a long-term measure to address the risk of insufficient raw water. This inter-state project, overseen by the Federal Government is currently underway with the signing of a Memorandum of Understanding with Perbadanan Kemajuan Negeri Perak and Gamuda Berhad. It will enable Penang to achieve water supply sufficiency beyond 2030. The project will provide a second major water resource from the south of Penang. Treated water supply would be more stable and evenly distributed. An increase in water supply would support future economic progress in Seberang Perai Selatan (SPS). The project will lower the risk of a water crisis during prolonged dry seasons. It will also reduce the exposure to the insufficient raw water during periods of low effective capacities at the dams.

Meeting Future Water Demand

PBAPP is implementing the Water Contingency Plan 2030 (WCP 2030). If implemented, Penang will have three (3) additional water treatment resources in Sungai Perai, Sungai Kerian and the Expanded Mengkuang Dam (EMD). The EMD will be reclassified as a dual purpose dam. It will serve as a raw water resource for the future Mengkuang Park WTP and a back-up raw water resource for Sungai Dua WTP under abnormal circumstances.

Additionally, PBAPP will also support the implementation of Federal Government projects to reduce the risk of insufficient raw water related to prolonged dry spells and incidents at Sungai Muda.

Statement on Risk Management And Internal Control (Cont'd)

Risk Management Framework (Cont'd)

The Group's key risks for 2025 include: (Cont'd)

2) Water Supply Interruptions in Seberang Perai Selatan

SPS has been experiencing water supply interruptions. PBAPP has reported on intermittent water supply issues in some end-of-line (EoL) and high ground areas in SPS.

PBAPP is striving to resolve this issue. The construction of factories will only be approved if companies have a 48-hour on-site water storage facility. This is to comply with the Water Services Industry Act 2006 and National Water Services Commission (SPAN)'s Uniform Technical Guideline (SPAN UTG).

The Company is working on a 114 MLD Sungai Kerian WTP to enhance the efficiency and reliability of water supply services in SPS. A 6.4 MLD compact WTP at Sungai Kerian is deployed as an interim measure to improve water supply. Waterworks projects carried out in April 2025 also sought to improve water supply pressures in SPS and reduce intermittent water supply issues in some EoL and high ground neighbourhoods in SPS. The Mengkuang Park WTP targeted for commissioning in November 2026 will indirectly benefit consumers in SPS. If the WTP produces up to 114 MLD for Seberang Perai Tengah, more treated water may be diverted to SPS.

Time is needed to complete and commission the planned projects. Hence, this issue can only be fully resolved in the long term.

3) Inappropriate water tariff

Inappropriate water tariffs remain a key risk in Penang. This is because water tariffs are regulated by the Federal Government. A water tariff adjustment under the Tariff Setting Mechanism under the Second Implementation Period (TP2) was scheduled to take effect nationwide on 1 August 2025. However, the Penang State Executive Council decided that PBAPP will defer the implementation of the new water rates in Penang to 1 July 2026.

The average upward adjustment is approximately 20 sen overall. The implementation of the new water rates is expected to increase PBAPP's revenue by about RM20 million over a six (6)-month period in 2026. The resulting additional revenue will help PBAPP address water supply issues in Penang, and cover rising operating expenditure (OPEX), including support services and electricity costs.

4) High water demand

Penang is a water stressed state. The number of registered consumers in Penang increased by 2.2%, from 705,528 to 721,066 in 2025.

In 2025, Penangites consumed 267 Litres per Capita per Day ("LCD"), which is higher than 261 LCD consumed in 2024 and the domestic consumption target of 250 LCD set for 2025.

Total water consumption however, dropped by 5 MLD, from 870 MLD in 2024 to 865 MLD in 2025. While there was a decrease in domestic per capita consumption, Penang's usage remains higher than Malaysia's average of 237 MLD in 2023. Singapore reported an average consumption of 141 LCD in 2023. Penangites were encouraged to use less water, to help ensure water supply sufficiency and sustainability.

At the same time, PBAPP is implementing the WCP 2030 to ensure it can supply sufficient water towards 2030.

Risk Management Framework (Cont'd)

The Group's key risks for 2025 include: (Cont'd)

5) Ageing Infrastructure

Ageing infrastructure may lead to a risk of breakdowns involving critical plants, pipes and equipment. Breakdowns and damages could disrupt water supply operations and increase repair and replacement costs.

A submerged treated water pipeline in Sungai Perai was damaged in 2023. Two (2) 600mm pipelines adjacent to Ampang Jajar Bridge were mounted to replace the damaged underwater pipeline. This temporary solution was completed on 1 February 2024, while PBAPP worked on commissioning river crossing pipelines. On 25 April 2025, PBAPP completed the final connection works for a new RM8.7million (Phase 1) Sungai Perai River-Crossing Pipeline (SPRCP) section at Ampang Jajar, Seberang Perai Tengah. To carry out the work, a scheduled water supply interruption occurred from 25 April 2025 to 27 April 2025.

PBAPP took advantage of the schedule water supply interruption to carry out an additional 22 waterworks projects at 9 installations. Of those 22 projects, the two (2) major projects were:

- 1) Repairing a leaking 700mm pipeline and six (6) pump house upgrading works at the Sungai Dua WTP; and
- 2) Replacement of a faulty 1.2m valve at a pipeline in Jalan Pengkalan Tambang, near the Sungai Dua WTP.

As a result of these projects:

- 1) More treated water can be supplied from the Sungai Dua WTP under normal circumstances;
- 2) Better water supply pressures in the service areas of the Sungai Dua WTP;
- 3) Reduction of intermittent water supply issues in some end-of-line and high ground neighbourhoods in SPS and Daerah Barat Daya;
- 4) Faster water supply recovery times following future SWSIs and unscheduled water supply interruptions; and
- 5) More stable water supply during peak seasons when water consumption is high.

All the waterworks projects were successfully completed on 28 April 2025.

Key Elements of Internal Control

The key elements of the Group's internal control system are described below:

- The Board and ARMC meet every quarter to discuss business and operational matters raised by Management. This includes potential risks and control issues.
- Clearly defined delegation of responsibilities to the Board Committees and Management. This includes authority limits to minimise risks of unauthorised transactions. The Board has delegated the responsibilities to the relevant committees to implement and monitor the Board's policies on controls, e.g. capital expenditure has to be properly tendered and approved by the Tender Board before any contracts are awarded.
- The Group has established an organisation structure with clearly defined lines of accountability and appropriate degrees of empowerment, which enables adequate monitoring of the activities and ensures an effective flow of information across the organisation. Delegation of authority and appropriate authorisation limits imposed at various levels of Management including those requiring the Board's approval are documented to ensure accountability and responsibility.
- Standard operating procedures and policies are developed to maintain a sound system of internal control and they are reviewed and revised whenever the need arises to meet the evolving business, operational, regulatory and statutory requirements.

Statement on Risk Management And Internal Control (Cont'd)

Key Elements of Internal Control (Cont'd)

- PBAPP has been certified with the ISO 9001:2015, ISO 14001:2015 (for five (5) sites), ISO 45001:2018, MS ISO/IEC 17025:2017 Accreditation for the Sungai Dua Central Laboratory & Rifle Range Meter Testing Laboratory and MS ISO/IEC 27001:2022 for the Information Security Management System at the Sungai Dua WTP which confirms the good standing of the organisation's quality, environment, occupational safety & health, and information security management systems respectively.

A detailed budgeting process is established, requiring all departments in the Group to prepare budgets annually including capital expenditure proposals, which are discussed and approved by the Board of Directors. A yearly review of the annual budget is undertaken to deliberate and, where appropriate, to address significant variances from the said budget.

- Ongoing training is provided to the organisation's staff to improve their skills and work competencies.

The Internal Audit Function

The Board recognises that the internal audit function is an important and integral component of the governance process. The Internal Audit Department performs internal audit in diverse areas comprising management, financial and operational activities within the Group.

The principal responsibility of the Internal Audit function is to assist the ARMC in monitoring compliance with policies and procedures, and the effectiveness and adequacy of the risk management and internal control systems in operation. The Internal Audit function undertakes a regular and systematic review of the internal controls of the various operational and administrative activities to provide the ARMC and the Board with a reasonable and independent assurance that the system of internal controls being implemented is effective in addressing the risks and concerns identified.

Review of this Statement

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the financial year ended 31 December 2025, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies, or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Conclusion

The Board has received assurance from the CEO, Chief Operating Officer and CFO that the Group's risk management and internal control systems are operating adequately and effectively. There is no significant breakdown or weakness in the system of internal control of the Group that have resulted in material losses incurred by the Group during the financial year 2025. The Board believes that the current review framework and the systems of risk management and internal control are reasonable for the current operations of the Group. The Group will continue monitoring to ensure the systems of risk management and internal control are functioning effectively in line with the business development in the Group.

This Statement is approved by the Board of Directors on 23 April 2026.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) presents the Audit and Risk Management Committee (“ARMC”) Report which provides insights into the manner in which the ARMC discharged its functions for the Group in the financial year ended 31 December 2025 (“FY2025”).

INTRODUCTION

The ARMC was established by the Board of the Company on 9 April 2002 to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries, monitoring the management of risk and system of internal control, external and internal audit processes, compliance with legal and regulatory matters and such other matters that may be specifically delegated to the ARMC by the Board.

COMPOSITION AND MEETING

Currently, the ARMC comprises six (6) members, all of whom are Non-Executive Directors (“NEDs”): five (5) are Independent NEDs and one (1) is Non-Independent NEDs. This meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”).

None of the ARMC members was a former key audit partner of the Group’s External Auditors or an alternate director.

The composition of the ARMC is summarised below:

Name	Designation	Directorship
YBhg. Dato’ Brian Tan Guan Hooi ^(Note 1)	Chairman	Independent and Non-Executive Director
YBhg. Dato’ Agatha Foo Tet Sin	Member	Non-Independent and Non-Executive Director
Encik Lim Eng Huat	Member	Independent and Non-Executive Director
Cik Lim Seang Lee	Member	Independent and Non-Executive Director
Puan Nor Hatina binti Md Salleh	Member	Independent and Non-Executive Director
YM Raja Azmi bin Raja Nazuddin ^(Note 2)	Member	Independent and Non-Executive Director

Note: -

^(Note 1) Dato’ Brian Tan Guan Hooi was redesignated as Chairman of the ARMC on 30 June 2025 following the retirement of Puan Mary Geraldine Phipps at the Twenty-Fifth Annual General Meeting held on 26 June 2025.

^(Note 2) YM Raja Azmi bin Raja Nazuddin was appointed as a member of the ARMC on 18 November 2025.

COMPOSITION AND MEETING (CONT'D)

YBhg. Dato' Brian Tan Guan Hooi, the ARMC's Chairman, is a Chartered Accountant registered with the Malaysian Institute of Accountants ("MIA"), a Fellow of the Certified Practising Accountant (FCPA) registered with the CPA Australia and a CPA registered with the ASEAN CPACC.

Encik Lim Eng Huat, a member of the ARMC, is a Chartered Accountant registered with the MIA, of which he is a member, having qualified as a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants (MICPA).

YM Raja Azmi bin Raja Nazuddin, a member of the ARMC, is a Chartered Accountant registered with the MIA and Association of Chartered Certified Accountants (ACCA), of which he is a member, having qualified as a Certified Public Accountant under the MICPA.

Hence, the above composition of ARMC meets the requirements of Paragraph 15.09(1)(c) of the MMLR which stipulates that at least one (1) member of the ARMC must be a qualified accountant. All members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the ARMC.

On 30 June 2025, the composition of the ARMC was restructured, resulting in the redesignation of Dato' Brian Tan Guan Hooi as the Chairman of the ARMC, succeeding Puan Mary Geraldine Phipps, who retired at the conclusion of the Twenty-Fifth Annual General Meeting ("AGM") of the Company held on 26 June 2025.

During FY2025, the ARMC convened ten (10) meetings with the following record of attendance: -

Name	Attendance record
YBhg. Dato' Brian Tan Guan Hooi (Chairman)	7 out of 10
YB Dato' Zabidah binti Safar ^(Note 1)	5 out of 10
YBhg. Dato' Agatha Foo Tet Sin	10 out of 10
Encik Lim Eng Huat	10 out of 10
Cik Lim Seang Lee	9 out of 10
Puan Nor Hatina binti Md Salleh	9 out of 10
YM Raja Azmi bin Raja Nazuddin ^(Note 2)	Nil

^(Note 1) YB Dato' Zabidah binti Safar ceased as member of ARMC following her cessation as Non-Independent and Non-Executive Director of the Company on 19 February 2026.

^(Note 2) YM Raja Azmi bin Raja Nazuddin was appointed as a member of the ARMC on 18 November 2025. No ARMC meeting was held following his appointment.

The agenda and relevant meeting materials were prepared and delivered to ARMC members before the meetings. The meetings were appropriately structured with sufficient time for the ARMC to accomplish its agenda and to discuss emerging issues.

The Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Chief Financial Officer ("CFO") and the Head of the Internal Audit Department ("IAD") attended the ARMC meetings to present and brief the ARMC on matters in accordance with the agenda of each meeting, as well as on outstanding matters or specific issues requiring the ARMC's attention in line with the Terms of Reference ("TOR") of the ARMC. Where appropriate, the ARMC also met separately without the presence of Management. The External Auditors' representatives were invited to attend the meetings as and when required.

SUMMARY OF THE ACTIVITIES AND WORKS OF ARMC

In performing its duties and discharging its responsibilities, the ARMC members are guided by its TOR which are in line with the provisions of the MMLR and the Malaysian Code on Corporate Governance. The said TOR is made available on the Company's website at www.pbahb.com.my.

During FY2025, the activities and works undertaken by the ARMC were as below in accordance with its TOR: -

(i) Financial Performance and Reporting

- Reviewed the annual/supplementary budgets, unaudited Management Accounts of the Company and its group of companies, the Company's quarterly interim unaudited financial results, as well as other financial reporting related matters presented by the CFO prior to submission to the Board for its consideration and approval;
- Discussed with the Senior Management and External Auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented, applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"), provisions of the Companies Act 2016 and requirements under the MMLR had been complied with; significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by the Management had been discussed with the External Auditors; and the impact of new accounting standards for the following financial year, where relevant, had been assessed; and
- Reviewed pertinent issues of significance to the Group.

(ii) Internal Audit ("IA")

- Reviewed and approved the annual IA plan for the years 2026 to 2028 presented by the Head of the IAD after being satisfied with the contents' suitability, adequacy and scope of coverage. The ARMC also deliberated on seven (7) main areas of IA activities for the year;
- Reviewed the IA reports, which highlighted the audit issues, recommendations to Management, and assessment of Management's responses thereto;
- Reviewed the follow-up reports of the Internal Auditors on the status of action taken by the Management on recommendations suggested in the IA reports;
- Discussed with the Management on actions to be taken to improve the system of internal controls based on the recommendations and findings identified in the IA reports and made necessary recommendations to the Board for approval; and
- Assessed the IA functions and were satisfied with the performance of the IA for FY2025.

SUMMARY OF THE ACTIVITIES AND WORKS OF ARMC (CONT'D)

(iii) External Auditors

- Reviewed and discussed with the External Auditors of their audit planning memorandum, covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by the MASB, regulatory requirements applicable to the Group, and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards;
- The ARMC convened two (2) private dialogue sessions with the External Auditors without the presence of Management during FY2025. During the ARMC meeting held in February 2025, the External Auditors highlighted to the ARMC of their audit findings together with the Group's results in regard to the audit for FY2024. Based on the auditors' feedback, the Management had provided full cooperation to the External Auditors in the course of their audit conducted for FY2024. In August 2025 meeting, the ARMC reviewed the Audit Plan for FY2025 as presented by the External Auditors;
- Reviewed and discussed with the External Auditors the results of the audit and the audit report in particular, significant accounting matters arising from the external audit and their opinion on the financial statements of the Group and of the Company;
- Reviewed with the External Auditors the recommendations arising from their evaluation of the system of internal and accounting controls together with the Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management;
- Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the ARMC. The ARMC had received the External Auditors' written confirmation on their independence in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA");
- Reviewed and recommended the re-appointment of Messrs. KPMG PLT as the Group's auditors; and
- Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees paid or payable for FY2025 by the Group and by the Company to the External Auditors and a company affiliated to the External Auditors amounted to RM93,900 and RM47,500 respectively.

SUMMARY OF THE ACTIVITIES AND WORKS OF ARMC (CONT'D)

(iv) Corporate Governance

- Reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group;
- Approved the ARMC Report and recommended the same for the Board's approval for inclusion in the Annual Report;
- Reviewed the Statement on Risk Management and Internal Control ("SORMIC") for inclusion in the Annual Report for FY2025 which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The SORMIC which had been reviewed by the External Auditors is set out on pages 168 to 173 of this Annual Report; and
- The ARMC was satisfied that the system of risk management and internal control in place throughout the Group as described in the SORMIC, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The ARMC also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

(v) Risk Management

- Reviewed quarterly updates on the Enterprise Risk Management and discussed the changes and impact of the key risk factors of the Group;
- Reviewed and endorsed the risk management frameworks, guidelines and other key components of risk management for implementation within the Company and throughout the Group;
- Reviewed and endorsed the risk profiles for the Group;
- Reviewed the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks; and
- Reviewed and deliberated on the proposed Perak–Penang Water Project, including the proposed Memorandum of Understanding (MoU), the financial feasibility of the Project, and the associated risks, governance considerations, and potential financial implications to the Group.

(vi) Related Party Transactions

- Reviewed and deliberated on a quarterly basis if any related party transactions or recurrent related party transaction (if any) entered by the Group and subsequently made its recommendations for the Board's consideration. In forming its recommendation, the ARMC takes into consideration whether the proposed related party transactions or recurrent related party transaction are in the best interests of the Group; fair, reasonable and on normal commercial terms, and not detrimental to the interests of minority shareholders of the Company.

(vii) Other

The Nomination and Remuneration Committee ("NRC") had reviewed the TOR and performance of the ARMC members in February 2026. Based on the results of its review, the NRC was satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with the ARMC's TOR and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

IA FUNCTION

The IA function is carried out by the Group's own IAD to assist the ARMC in the governance of the organisation by performing the following fundamental activities: -

- Enhance and protect the organisational value of the Company by providing risk-based and objective assurance, advice and insight;
- Accomplish objectives of the organisation by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes;
- Ascertain compliance with established organisation policies, directives, procedures and Professional Practice of Internal Auditing;
- Ascertain accountability and safeguarding the Group's assets; and
- Review the adequacy of the scope and resources of the IA function as well as the competency and experience of the Internal Auditors.

During FY2025, IAD had tabled twelve (12) IA Reports and presented the IA findings to the ARMC, which covered Operational Cost, Appointment of Consultants, Project Consultancy Service, Meter Management, Procurement, Cashflow Management and Preventive Audits.

Dr. Shanmuga Sundaram a/l Murugason, the Head of IAD holds a Bachelor of Accounting Degree with Honours from Universiti Utara Malaysia (1998) and a Master's Degree in Business Administration (MBA) from Universiti Sains Malaysia (2016). He received his Doctorate of Business Administration (DBA) from Universiti Sains Malaysia (2024). He is a Chartered Accountant registered with the MIA and also an Associate member of the Institute of Internal Auditors Malaysia (IIAM).

The IAD has 12 staff members and during FY2025 they carried out audits according to the IA plan which was approved by the ARMC. The ARMC had full and direct access to the Internal Auditors, received reports on all IA engagements performed and ensured that IA personnel are free from any relationships or conflict of interest which could impair their objectivity and independence.

The ARMC reviewed the IA reports and directed the Management on the necessary corrective actions and process improvements. The Management is responsible for ensuring that the recommendations are implemented accordingly. The total costs incurred for the IA function of the Company and the Group for FY2025 were RM1.96 million.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board is responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to lay these before the Company at its Annual General Meeting.

The Board is also responsible for ensuring that the audited financial statements provide a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their financial performance and their cash flows for that year then ended.

In preparing the financial statements for the financial year ended 31 December 2025, the Board considers that:

- (i) all applicable approved accounting standards in Malaysia have been followed;
- (ii) the Group and the Company have used appropriate accounting policies and have consistently applied them;
- (iii) reasonable and prudent judgments and estimates were made; and
- (iv) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Board is responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Board has general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is approved by the Board of Directors on 23 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

There was no corporate exercise with proceeds from the shareholders during the financial year.

Audit and Non-Audit Fees

The audit fees paid or payable by the Group and by the Company to the external auditors amounted to RM260,000 and RM50,000 respectively.

The non-audit fees paid or payable by the Group and by the Company to the external auditors and a company affiliated to the external auditors amounted to RM93,900 and RM47,500 respectively.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year 2025.

Disclosure of Financial Data For Shariah Screening

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

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Total Income			
Revenue		568,444	527,603
Other income		24,944	20,455
Interest income		5,031	5,332
Total		598,419	553,390
Total Assets		2,251,151	1,806,956

Disclosure of Financial Data For Shariah Screening (Cont'd)

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Interest income Conventional	Conventional	1,901	2,240
Conventional funds management, financial advisory and related services	Conventional	285	775
Total		2,186	3,015

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Cash and bank balances (exclude cash in hand)		13,038	-
Cash in hand		47	46
Deposits with licensed bank	Includes licensed investment banks	247,667	-
Total Cash		260,752	46

Conventional Account/Instruments	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Cash and bank balances (exclude cash in hand)		71,397	115,434
Cash in hand		-	-
Deposits with licensed bank	Includes licensed investment banks	214,974	164,201
Total Cash		286,371	279,635

Additional Compliance Information (Cont'd)

Disclosure of Financial Data For Shariah Screening (Cont'd)

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

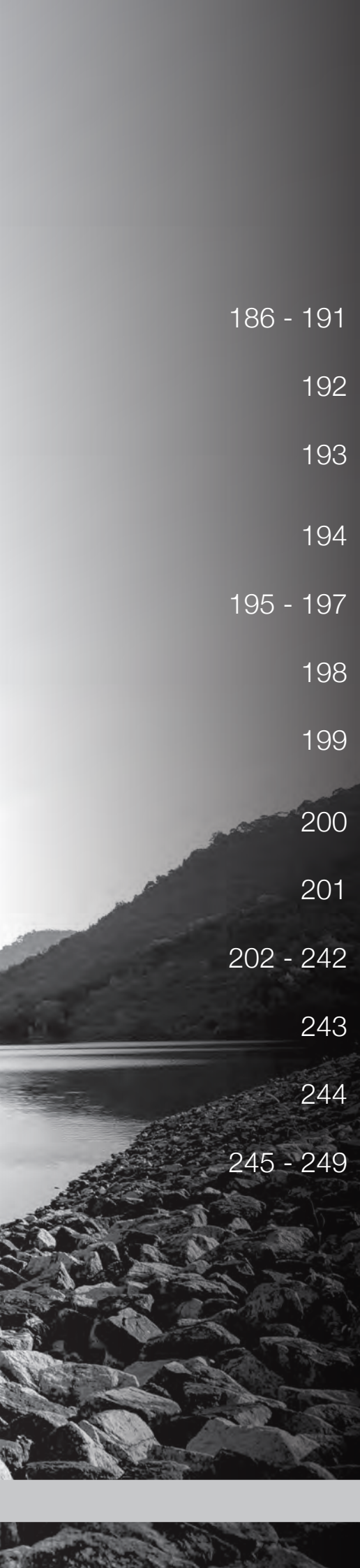
(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current		1,142	1,138
Non-Current		316,355	18,179
Total Financing		317,497	19,317

Conventional Borrowing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current		-	-
Non-Current		-	-
Total Debt		-	-



FINANCIAL STATEMENTS



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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

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

Principal activities

The Company is principally engaged in investment holding activities.

There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The principal activities and other details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	<u>114,549</u>	<u>15,509</u>

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

- i) In respect of the financial year ended 31 December 2024 :
 - an interim dividend of 2.25 sen per ordinary share totalling RM7,447,376, declared on 9 December 2024 and paid on 10 January 2025; and
 - a final dividend of 2.25 sen per ordinary share totalling RM7,447,354, approved by the Company's shareholders on 26 June 2025 and paid on 01 August 2025.
- ii) In respect of the financial year ended 31 December 2025 :
 - an interim dividend of 2.25 sen per ordinary share totalling RM7,447,354, declared on 19 November 2025 and paid on 02 January 2026.

A final dividend of 2.75 sen per ordinary share totalling RM9,102,321 in respect of financial year ended 31 December 2025 has been recommended by the Board of Directors, subject to approval of the Company's shareholders at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

Directors of the Company

The Directors of the Company who served during the financial year until the date of this report are as follows :

YAB Tuan Chow Kon Yeow	
YB Dato' Dr. Mohamad bin Abdul Hamid	
YB Dato' Seri Haji Zulkifli bin Long	
YB Dato' Haji Zairi bin Haji Mat Ali	(Appointed on 1 April 2026)
YB Tuan Zairil Khir Johari	
Tuan Haji Fadzil bin Hj. Abdullah	
YBhg. Dato' Ir. Sabri bin Abdul Mulok	(Appointed on 21 January 2026)
YBhg. Dato' Agatha Foo Tet Sin	
YBhg. Dato' Brian Tan Guan Hooi	
YM Raja Azmi bin Raja Nazuddin	(Appointed on 13 October 2025)
Encik Lim Eng Huat	
Puan Nor Hatina binti Md Salleh	
Cik Lim Seang Lee	
Puan Mary Geraldine Phipps	(Retired on 26 June 2025)
YB Dato' Zabidah binti Safar	(Ceased on 19 February 2026)

Directors of the subsidiaries

The Directors of the subsidiaries who served during the financial year until the date of the report are as follows:

YAB Tuan Chow Kon Yeow	
YB Dato' Dr. Mohamad bin Abdul Hamid	
YB Tuan Jagdeep Singh Deo a/l Karpal Singh	
YB Dato' Seri Haji Zulkifli bin Long	
YB Dato' Haji Zairi bin Haji Mat Ali	(Appointed on 1 April 2026)
YB Tuan Zairil Khir Johari	
YB Dato' Haji Rashidi bin Zinol	
YB Tuan Gooi Hsiao-Leung	
YB Tuan Teh Lai Heng	
YB Cik Tan Hooi Peng	
YBhg. Dato' Ir. Pathmanathan a/l Krishnan Kutty Raman Nair	
YBhg. Dato' Mohammad Zulkifli bin Abdul Hamid	
Dr. Mary Ann Harris	
YB Dato' Zabidah binti Safar	(Ceased on 19 February 2026)

Directors' interest in shares

None of the Directors holding office at 31 December 2025 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The benefits paid to or receivable by Directors of the Company in respect of the financial year ended 31 December 2025 are as follows :

	From the Company	From subsidiaries
	RM'000	RM'000
Directors' allowances	<u>337</u>	<u>121</u>

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

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

Treasury shares

During the financial year, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM1.95 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2025, 276,900 (2024 : 275,900) ordinary shares were held as treasury shares at the carrying amount of RM242,000 (2024 : RM240,000). Details of the treasury shares are disclosed in Note 9.1 to the financial statements.

Options granted over unissued shares

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

Indemnity and insurance costs

The amount of insurance premium paid for public liability insurance for Directors and officers of the Group and the Company during the financial year is RM25,000 for an insured sum of RM10 million.

There was no indemnity given to the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, other than the reversal of deferred tax assets on unutilised reinvestment allowance as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

Significant events

(i) Islamic Medium Term Notes

On 2 July 2025, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP"), a wholly owned subsidiary of the Company established an unsecured Islamic Medium Term Notes of up to RM5.0 billion in nominal value based on the Shariah principal of Wakalah Bi Al-Istithmar ("Sukuk Wakalah").

On 4 September 2025, PBAPP issued a total of RM300 million Sukuk Wakalah comprising RM150 million with 10 years tenure and RM150 million with 15 years tenure, with periodic distribution rates of 3.57% and 3.75% per annum respectively.

(ii) Perak Penang Water Project

On 6 November 2025, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd., a wholly owned subsidiary of the Company, has entered into a non-binding Memorandum of Understanding ("MoU") with Perbadanan Kemajuan Negeri Perak ("PKNPk") and Gamuda Berhad ("Gamuda") to explore a long-term collaboration for the supply of treated water from Perak to Penang.

The MoU provides for the entering into a definitive Bulk Water Supply Agreement within 6 months from the date of the MoU, subject to the approval by relevant authorities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM260,000 and RM50,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
YB Dato' Seri Haji Zulkifli bin Long

Director

.....
YB Dato' Haji Zairi bin Haji Mat Ali

Director

Date : 23 April 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Property, plant and equipment	2	1,314,970	1,149,655
Right-of-use assets	3	135,510	140,433
Other receivables	5	127,089	122,908
Total non-current assets		<u>1,577,569</u>	<u>1,412,996</u>
Inventories	6	15,923	8,853
Trade and other receivables	5	105,763	103,243
Current tax assets		4,773	2,183
Cash and cash equivalents	7	547,123	279,681
Total current assets		<u>673,582</u>	<u>393,960</u>
Total assets		<u>2,251,151</u>	<u>1,806,956</u>
Equity			
Share capital	8	327,579	327,579
Reserves	9	838,760	739,107
Total equity		<u>1,166,339</u>	<u>1,066,686</u>
Liabilities			
Loans and borrowings	10	316,355	18,179
Lease liabilities		207,090	211,546
Deferred income	12	70,919	74,050
Deferred tax liabilities	13	155,500	122,500
Total non-current liabilities		<u>749,864</u>	<u>426,275</u>
Loans and borrowings	10	1,142	1,138
Lease liabilities		4,757	4,552
Trade and other payables	14	295,907	276,796
Contract liabilities	11	33,142	31,505
Current tax liabilities		-	4
Total current liabilities		<u>334,948</u>	<u>313,995</u>
Total liabilities		<u>1,084,812</u>	<u>740,270</u>
Total equity and liabilities		<u>2,251,151</u>	<u>1,806,956</u>

The notes on pages 202 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Revenue	15	568,444	527,603
Cost of sales		(303,975)	(278,607)
Gross profit		<u>264,469</u>	<u>248,996</u>
Other operating income		24,944	20,455
Administrative expenses		(120,093)	(109,641)
Net loss on impairment of financial instruments	16	(3,633)	(2,198)
Results from operating activities	16	<u>165,687</u>	<u>157,612</u>
Interest income		5,031	5,332
Finance costs	17	(13,357)	(13,608)
Profit before tax		<u>157,361</u>	<u>149,336</u>
Tax expense	20	(42,812)	(5,169)
Profit for the year representing total comprehensive income for the year		<u>114,549</u>	<u>144,167</u>
Basic and diluted earnings per ordinary share (sen)	21	<u>34.61</u>	<u>43.56</u>

The notes on pages 202 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	← Attributable to owners the Company →			
		Share capital	Treasury shares	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000
At 1 January 2024		327,579	(238)	608,419	935,760
Profit for the year representing total comprehensive income for the year		-	-	144,167	144,167
Dividends paid to shareholders of the Company	22	-	-	(13,239)	(13,239)
Purchase of treasury shares		-	(2)	-	(2)
Total transactions with owners of the Company		-	(2)	(13,239)	(13,241)
At 31 December 2024/ 1 January 2025		327,579	(240)	739,347	1,066,686
Profit for the year representing total comprehensive income for the year		-	-	114,549	114,549
Dividends paid to shareholders of the Company	22	-	-	(14,894)	(14,894)
Purchase of treasury shares		-	(2)	-	(2)
Total transactions with owners of the Company		-	(2)	(14,894)	(14,896)
At 31 December 2025		327,579	(242)	839,002	1,166,339
		Note 8	Note 9	Note 9	

The notes on pages 202 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Profit before tax		157,361	149,336
Adjustments for :			
Finance costs	17	13,357	13,608
Fair value of assets transferred from customers	15	(48,654)	(21,598)
Amortisation of borrowings transaction costs		19	-
Amortisation of deferred income	12	(3,131)	(3,189)
Income from short-term investments	16	(571)	(3,485)
Gain on disposal of plant and equipment	16	(57)	(268)
Interest income		(5,031)	(5,332)
Property, plant and equipment			
- depreciation	2	77,424	69,140
- written off	16	407	995
- impairment loss	2	-	1,456
Right-of-use assets			
- depreciation	3	5,373	5,380
- gain on derecognition of lease	16	-	(3)
Operating profit before working capital changes		196,497	206,040
Changes in working capital:			
Inventories		(7,070)	(10)
Trade and other receivables		(2,520)	(23,832)
Trade and other payables		26,212	37,660
Contract liabilities		1,637	(9,162)
Cash generated from operations		214,756	210,696
Tax paid, net		(12,406)	(12,682)
Net cash from operating activities		202,350	198,014
Cash flows from investing activities			
Short-term investment income received		571	3,485
Interest received		1,717	2,165
Proceeds from disposal of plant and equipment		57	268
Purchase of property, plant and equipment	B	(212,460)	(131,422)
Net cash used in investing activities		(210,115)	(125,504)

The notes on pages 202 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

	Note	2025 RM'000	2024 RM'000
Cash flows from financing activities			
Interest paid on lease liabilities		(12,295)	(12,486)
Dividends paid		(14,894)	(11,584)
Repayment of government loans		(2,200)	(2,200)
Repayment of lease liabilities	C	(4,701)	(4,401)
Drawdown of Sukuk, net of incidental costs		299,299	-
Purchase of treasury shares		(2)	(2)
Payment received from State Government		10,000	-
Net cash from/(used in) financing activities		275,207	(30,673)
Net increase in cash and cash equivalents		267,442	41,837
Cash and cash equivalents at 1 January		279,681	237,844
Cash and cash equivalents at 31 December	7	547,123	279,681

NOTES

A. Cash outflows for leases as a lessee

	Note	2025 RM'000	2024 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	16	636	1,071
Payment relating to leases of low-value assets	16	375	425
Included in net cash from/(used in) financing activities			
Interest paid on relation to lease liabilities	17	12,295	12,486
Payment of lease liabilities		4,701	4,401
Total cash outflows for leases		18,007	18,383

The notes on pages 202 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025 (Cont'd)

NOTES (continued)

B. Purchase of property, plant and equipment ("PPE")

	Note	2025 RM'000	2024 RM'000
Total additions during the year	2	243,146	123,313
Add : Deposits paid for land acquisition		10,867	35,272
Amount paid for prior year's additions		45,911	40,346
Less : Additions unpaid at year end		(35,521)	(45,911)
Fair value of assets transferred from customers	15	(48,654)	(21,598)
Borrowing costs capitalised		(3,289)	-
Amount paid for purchase of PPE		212,460	131,422

C. Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.1.2024 RM'000	Net changes from financing cash flows RM'000	Remeasurement of lease RM'000	Derecognised during the year RM'000	Accretion of interest (Note 17) RM'000	At 31.12.2024 RM'000
Loans and borrowings	20,395	(2,200)	-	-	1,122	19,317
Lease liabilities	219,914	(4,401)	666	(81)	-	216,098
	240,309	(6,601)	666	(81)	1,122	235,415

	At 1.1.2025 RM'000	Additions during the year RM'000	Net changes from financing cash flows RM'000	Remeasurement of lease RM'000	Amortisation of transaction costs RM'000	Accretion of interest (Note 17) RM'000	At 31.12.2025 RM'000
Loans and borrowings	19,317	-	297,099	-	19	1,062	317,497
Lease liabilities	216,098	146	(4,701)	304	-	-	211,847
	235,415	146	292,398	304	19	1,062	529,344

The notes on pages 202 to 242 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Assets			
Investments in subsidiaries	4	368,594	368,594
Total non-current assets		<u>368,594</u>	<u>368,594</u>
Current assets			
Trade and other receivables	5	272	604
Current tax assets		270	291
Cash and cash equivalents	7	47,534	46,354
Total current assets		<u>48,076</u>	<u>47,249</u>
Total assets		<u>416,670</u>	<u>415,843</u>
Equity			
Share capital	8	327,579	327,579
Reserves	9	81,222	80,609
Total equity		<u>408,801</u>	<u>408,188</u>
Liabilities			
Trade and other payables	14	7,869	7,655
Total current liabilities		<u>7,869</u>	<u>7,655</u>
Total liabilities		<u>7,869</u>	<u>7,655</u>
Total equity and liabilities		<u>416,670</u>	<u>415,843</u>

The notes on pages 202 to 242 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Revenue	15	17,436	15,696
Administrative expenses		(2,670)	(2,270)
Other operating income		849	360
Result from operating activities/Profit before tax	16	15,615	13,786
Tax expense	20	(106)	(132)
Profit for the year representing total comprehensive income for the year		15,509	13,654

The notes on pages 202 to 242 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

← <i>Attributable to owners the Company</i> →				
Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2024	327,579	(238)	80,434	407,775
Profit for the year representing total comprehensive income for the year	-	-	13,654	13,654
Dividends paid to shareholders of the Company	-	-	(13,239)	(13,239)
Purchase of treasury shares	-	(2)	-	(2)
Total transactions with owners of the Company	-	(2)	(13,239)	(13,241)
At 31 December 2024/ 1 January 2025	327,579	(240)	80,849	408,188
Profit for the year representing total comprehensive income for the year	-	-	15,509	15,509
Dividends paid to shareholders of the Company	-	-	(14,894)	(14,894)
Purchase of treasury shares	-	(2)	-	(2)
Total transactions with owners of the Company	-	(2)	(14,894)	(14,896)
At 31 December 2025	327,579	(242)	81,464	408,801
	Note 8	Note 9	Note 9	

The notes on pages 202 to 242 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
Cash flows from operating activities			
Profit before tax		15,615	13,786
Adjustments for :			
Income from short-term investments	15	(285)	(776)
Dividend income from a subsidiary	15	(16,967)	(14,846)
Operating loss before working capital changes		(1,637)	(1,836)
Changes in working capital :			
Other receivables		(198)	(541)
Other payables		214	96
Cash used in operations		(1,621)	(2,281)
Tax paid, net		(85)	(160)
Net cash used in operating activities		(1,706)	(2,441)
Cash flows from investing activities			
Short-term investment income received		285	776
Dividends received		17,497	14,846
Increase in investment in a subsidiary		-	(1,000)
Net cash from investing activities		17,782	14,622
Cash flows from financing activities			
Dividends paid		(14,894)	(11,584)
Purchase of treasury share		(2)	(2)
Net cash used in financing activities		(14,896)	(11,586)
Net increase in cash and cash equivalents		1,180	595
Cash and cash equivalents at 1 January		46,354	45,759
Cash and cash equivalents at 31 December	7	47,534	46,354

The notes on pages 202 to 242 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

PBA Holdings Bhd. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 32, KOMTAR
Penang Road
10000 George Town
Penang

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

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are as stated in Note 4 to the financial statements.

The controlling shareholder of the Company is the State Secretary, Penang.

These financial statements were authorised for issue by the Board of Directors on 23 April 2026.

1. Basis of preparation

(a) Statement of compliance

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

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

MFRS Accounting Standards and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements - Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS Accounting Standards and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

MFRS Accounting Standards and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned MFRS Accounting Standards and amendments, where applicable, in the respective financial years when the abovementioned MFRS Accounting Standards and amendments become effective.

The initial application of the MFRS Accounting Standards and amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been recorded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

- Note 15.3 - Revenue recognition from customers’ contributions
- Note 25.4 - Allowance for expected credit losses (“ECLs”) of trade receivables

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

2. Property, plant and equipment - Group		Freehold land	Buildings and building improvements	Reservoirs	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Capital work-in-progress	Total
Group	Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024		38,950	90,092	118,681	1,535,200	22,843	143,372	46,915	1,996,053
Additions		-	1,154	173	58,938	6,276	6,580	50,192	123,313
Disposal		-	-	-	-	(2,242)	-	-	(2,242)
Written off		-	-	-	(339)	-	(997)	(886)	(2,222)
Reclassification		3,250	(747)	-	34,487	-	332	(37,322)	-
At 31 December 2024/ 1 January 2025		42,200	90,499	118,854	1,628,286	26,877	149,287	58,899	2,114,902
Additions		20,098	173	-	85,758	2,990	9,061	125,066	243,146
Disposal		-	-	-	-	(410)	(118)	-	(528)
Written off		-	-	-	(589)	-	(2,046)	(271)	(2,906)
Reclassification		12,888	-	-	37,968	-	5,277	(56,133)	-
At 31 December 2025		75,186	90,672	118,854	1,751,423	29,457	161,461	127,561	2,354,614

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

2. Property, plant and equipment - Group (continued)

	Freehold land RM'000	Buildings and building improvements		Reservoirs RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
		RM'000	RM'000						
Accumulated depreciation and impairment loss									
At 1 January 2024									
Accumulated depreciation	-	31,723	40,337	696,538	16,627	112,834	-	-	898,059
Accumulated impairment loss	-	-	-	61	-	-	-	-	61
At 31 December 2024/ 1 January 2025									
Accumulated depreciation	-	33,458	42,884	748,878	17,452	121,058	-	-	963,730
Accumulated impairment loss	-	-	-	1,517	-	-	-	-	1,517
At 31 December 2024/ 1 January 2025									
Accumulated depreciation	-	33,458	42,884	750,395	17,452	121,058	-	-	965,247
Accumulated impairment loss	-	1,833	2,545	59,587	3,311	10,148	-	-	77,424
Depreciation for the year	-	-	-	-	(410)	(118)	-	-	(528)
Disposal	-	-	-	(491)	-	(2,008)	-	-	(2,499)
Written off	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	1,456	-	-	-	-	1,456

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

2. Property, plant and equipment - Group (continued)

	Freehold land	Buildings and building improvements	Reservoirs	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Accumulated depreciation and impairment loss (continued)

At 31 December 2025

Accumulated depreciation	-	35,291	45,429	807,974	20,353	129,080	-	1,038,127
Accumulated impairment loss	-	-	-	1,517	-	-	-	1,517
	-	35,291	45,429	809,491	20,353	129,080	-	1,039,644

Carrying amounts

At 1 January 2024

	38,950	58,369	78,344	838,601	6,216	30,538	46,915	1,097,933
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At 31 December 2024/
1 January 2025

	42,200	57,041	75,970	877,891	9,425	28,229	58,899	1,149,655
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At 31 December 2025

	75,186	55,381	73,425	941,932	9,104	32,381	127,561	1,314,970
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Included in property, plant and equipment are land acquisition of Nil (2024 : RM4,247,000) where the title has yet to be issued in the name of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

2. Property, plant and equipment - Group (continued)

2.1 Operating lease payments receivable

The Group leases certain freehold land and building rooftops to third parties. The leases run for a period ranging from 3 to 60 years and the lease income during the year is as follows:

	2025 RM'000	2024 RM'000
Lease income	1,905	1,892

The operating lease payments to be received are as follows :

	2025 RM'000	2024 RM'000
Less than one year	1,480	1,506
One to two years	1,270	1,437
Two to three years	585	1,254
Three to four years	588	585
Four to five years	619	588
More than five years	38,907	39,527
Total undiscounted lease payments receivable	43,449	44,897

2.2 Impairment loss

In the previous financial year, the Group fully impaired the carrying amount of sea water desalination plant which could no longer be used of RM1.46 million. The impairment loss was recognised as administrative expenses in profit or loss.

2.3 Capitalisation of borrowing costs

During the financial year, the Group capitalised borrowing costs of RM3,288,716 (2024 : Nil) into capital work-in-progress using effective interest rate ranging from 3.60% to 3.77% (2024 : Nil) per annum.

2.4 Change in estimate

During the financial year, the Group reviewed and revised the depreciation rates applied to water meters to align the rates to the expected useful lives of the assets. The water meters, which were previously estimated to have a useful life of 10 years, are now expected to be in use for periods ranging from 7 to 15 years. The effects of the change on depreciation expense, recognised in cost of sales in the current and future financial periods are as follows:

	2025 RM'000	2026 RM'000	2027 RM'000	2028 RM'000	2029 RM'000	2030 - 2039 RM'000
Increase/(Decrease) in depreciation expense	5,591	914	117	(185)	(431)	(6,006)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

2. Property, plant and equipment - Group (continued)

2.5 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment (including assets transferred from customers) are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The Group receives contributions from customers comprising items of property, plant and equipment and right-of-use assets ("transferred assets") that are used to connect customers to a water network which provides them with ongoing access to water supply. The transferred assets typically consist of trunk mains and freehold and leasehold land. The transferred assets are recognised as property, plant and equipment or right-of-use assets (in the case of leasehold lands) on initial recognition at their fair values.

(b) Depreciation

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

The principal annual rates used for the current and comparative periods are as follows:

Buildings and building improvements	2%
Reservoirs	2%
Plant and machinery	2% - 20%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 33.33%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

3. Right-of-use assets - Group

	Leasehold land RM'000	Water assets RM'000	Premises RM'000	Total RM'000
At 1 January 2024	23,470	118,192	3,563	145,225
Remeasurement	-	-	666	666
Derecognition*	-	-	(78)	(78)
Depreciation for the year	(293)	(3,627)	(1,460)	(5,380)
At 31 December 2024	23,177	114,565	2,691	140,433

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

3. Right-of-use assets - Group (continued)

	Leasehold land RM'000	Water assets RM'000	Premises RM'000	Total RM'000
At 1 January 2025	23,177	114,565	2,691	140,433
Addition	-	-	146	146
Remeasurement	-	-	304	304
Depreciation for the year	(293)	(3,627)	(1,453)	(5,373)
At 31 December 2025	22,884	110,938	1,688	135,510

* Derecognised due to termination of lease.

Pursuant to the Water Services Industry Act 2006 (Act 655) which was enacted with the objective of among others, to establish a regulatory environment that facilitates self-sustainability among the water operators in the water service industry, the Group's subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP") has entered into Facility and Lease Agreements ("FLAs") with Pengurusan Asset Air Berhad ("PAAB") to enable water supply services to be carried out on the lands leased from PAAB. The annual lease payments amounted to RM14.56 million for a lease period of 45 years effective 1 August 2011. The FLAs supersede the operating lease agreements previously entered between the Group and Bahagian Kawal Selia Air.

The water assets leased by the PBAPP comprise plant, equipment, public mains, pipes, treatment plants, pumping stations, service or balancing reservoirs or any combination thereof and all other structures, installations, buildings, equipment and appurtenances located on and forming part of the land leased and premises used for the PBAPP's operations and administrative purposes.

Generally, the PBAPP is restricted from assigning, transferring or subleasing the leased assets. The leases do not contain any option to extend the leases.

3.1 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets (including those transferred from customers as mentioned in Note 2.5(a)) are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Leasehold land	60 to 99 years
Water assets	45 years
Premises	2 to 15 years

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

3. Right-of-use assets - Group (continued)

3.1 Material accounting policy information (continued)

(c) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(d) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over their lease terms.

4. Investments in subsidiaries - Company

	2025 RM'000	2024 RM'000
Unquoted shares, at cost	368,594	368,594

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation Malaysia	Principal activities	Effective ownership and voting interest	
			2025 %	2024 %
Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd.	Malaysia	Water supplier involved in the abstraction of raw water, treatment of water, supply and sale of treated water to consumers	100	100
PBA Resources Sdn. Bhd.	Malaysia	Providing training facilities, education and other non-water related businesses	100	100
PBA Green Technology Sdn. Bhd.	Malaysia	Inactive	100	100

4.1 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

5. Trade and other receivables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current					
Non-trade					
Other receivables	5.1	54,715	61,401	-	-
Deposits	5.2	72,374	61,507	-	-
		127,089	122,908	-	-
Current					
Trade					
Trade receivables		73,054	71,565	-	-
Non-trade					
Amount due from subsidiaries	5.3	-	-	240	28
Other receivables	5.1	18,373	17,682	-	-
Deposits		12,631	12,517	-	-
Prepayments		1,705	1,479	32	46
Dividend receivable		-	-	-	530
		32,709	31,678	272	604
		105,763	103,243	272	604
Total trade and other receivables		232,852	226,151	272	604

5.1 Other receivables

The Group recognised an amount owing from the State Government of Penang of RM88.76 million during the financial year ended 31 December 2023. The said amount is receivable over eight equal annual instalments of RM10 million each commencing financial year 2025, followed by one final instalment of RM8.76 million. The amount was present valued on initial recognition using a rate of 4.642% per annum and the carrying amount is presented as non-current receivable of RM54.72 million (2024 : RM61.40 million) and current other receivables of RM10 million (2024 : RM10 million).

5.2 Non-current deposits

The non-current deposit comprise payments made for land acquisition to be used for the construction of a water treatment plant.

5.3 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

6. Inventories - Group

	2025 RM'000	2024 RM'000
Spare parts and consumables	15,171	7,923
Chemicals	752	930
	<u>15,923</u>	<u>8,853</u>
Recognised in profit or loss as cost of sales:		
Cost of inventories consumed	16,495	15,323
Reversal of inventories written down	<u>(64)</u>	<u>(55)</u>

6.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

7. Cash and cash equivalents

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term investments	7.1	462,641	164,201	31,190	31,129
Cash and bank balances		84,482	115,480	16,344	15,225
		<u>547,123</u>	<u>279,681</u>	<u>47,534</u>	<u>46,354</u>

7.1 Short-term investments

Short-term investments represent investments in money market funds which can be redeemed within the next business day.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

8. Share capital - Group/Company

	Note	2025		2024	
		Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Issued and fully paid shares with no par value classified as equity instruments:					
Special rights redeemable preference shares ("SRRPS")	8.1	*	**	*	**
Ordinary shares	8.2	<u>327,579</u>	<u>331,271</u>	<u>327,579</u>	<u>331,271</u>

* RM0.50

** 1 SRRPS

8.1 SRRPS

The SRRPS would enable the State Government of Penang through the State Secretary, Penang to ensure that certain major decisions affecting the operations of the Company are consistent with the State Government of Penang's policies. The SRRPS can only be held by the State Secretary, Penang or its successor, or the Chief Minister or any person acting on behalf of the State Government of Penang ("Special Shareholder").

The SRRPS is not entitled to any dividend or to participate in the capital distribution upon the dissolution of the Company but shall rank for repayment in priority to the ordinary shares. The Special Shareholder may, subject to the provisions of the Companies Act 2016, require the Company to redeem the SRRPS at any time. Other rights and restrictions attached to the SRRPS are set out in Regulation 26 of the Company's Constitution.

8.2 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

9. Reserves

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-distributable:					
Treasury shares	9.1	(242)	(240)	(242)	(240)
Distributable:					
Retained earnings		839,002	739,347	81,464	80,849
		<u>838,760</u>	<u>739,107</u>	<u>81,222</u>	<u>80,609</u>

9.1 Treasury shares

The shareholders of the Company at the Annual General Meeting held on 26 June 2025, approved the Company's plan to purchase up to 10% of its issued and paid-up share capital of ordinary shares.

Of the total 331,270,401 (2024 : 331,270,401) issued and paid-up ordinary shares as at the end of the reporting period, 276,900 (2024: 275,900) ordinary shares were held as treasury shares by the Company. The number of ordinary shares in issue (net of treasury shares) is therefore 330,993,501 (2024: 330,994,501) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

10. Loans and borrowings - Group

	2025 RM'000	2024 RM'000
Unsecured		
Loans from Federal Government via the State Government of Penang :		
At 1 January		
Nominal value of loans	27,200	29,400
Less: Deemed interest recognised as deferred income	(7,883)	(9,005)
	19,317	20,395
Add : Accretion of interest (Note 17)	1,062	1,122
Less : Repayment	(2,200)	(2,200)
At 31 December	18,179	19,317
Islamic Medium-Term Noted (Note10.2)	299,318	-
	317,497	19,317
Presented as :		
Non-current	316,355	18,179
Current	1,142	1,138
	317,497	19,317

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

10. Loans and borrowings - Group (continued)

10.1 Loans from Federal Government via the State Government of Penang

The Group had on 16 January 2012 and 24 October 2014 obtained term loans of RM20 million and RM24 million respectively from the Federal Government via the State Government of Penang to finance the Group's non-revenue water projects. The term loans are unsecured, non-interest bearing and repayable as follows:

- RM20 million term loan - 20 equal annual instalments of RM1 million each from 11 September 2016; and
- RM24 million term loan - 40 equal semi-annual instalments of RM0.6 million each from 10 December 2018.

10.2 Islamic Medium-Term Notes ("IMTN")

On 2 July 2025, the Group lodged an application with the Securities Commission Malaysia for the establishment of an unsecured IMTN programme of up to RM5.0 billion in nominal value based on the Shariah principal of Wakalah Bi Al-Istithmar to finance its capital expenditure projects.

The outstanding balances as at 31 December are as follows :

Series No.	Tranche No.	Date of issuance	Tenure (years)	Periodic distribution rate %	Nominal value RM'000	Subscription price RM'000
1	1	4 September 2025	10	3.57	150,000	150,000
	2	4 September 2025	15	3.75	150,000	150,000
					<hr/>	<hr/>
					300,000	300,000

Incidental transaction costs incurred in relation to the IMTN of RM701,056 were netted against the carrying amount of the borrowing. The difference between the net proceeds of the IMTN and the redemption amount is amortised to profit or loss over the duration of the IMTN using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

11. Contract liabilities - Group

	2025 RM'000	2024 RM'000
Capital contribution funds		
Contract liabilities at beginning of the period recognised as revenue	20,816	33,091
Contract liabilities at beginning of the period not recognised as revenue pending connection to the public mains	10,689	7,576
At 1 January	31,505	40,667
Additions during the year	37,470	40,374
Revenue recognised during the year	(35,833)	(49,536)
At 31 December	<u>33,142</u>	<u>31,505</u>

11.1 Capital contribution funds ("CCF")

CCF represent funds contributed by property developers/owners for connection to the public mains.

11.2 Material accounting policy information

Contract liabilities represent performance obligations to customers for which the Group has received the consideration (in the form of CCF) in advance. Contract liabilities are recognised when the payment is received or when due, whichever is earlier. The performance obligation is fulfilled when connection is made to the public mains at which point, revenue is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

12. Deferred income - Group

	2025 RM'000	2024 RM'000
Deferred grants		
At 1 January	74,050	77,239
Less : Amortisation	(3,131)	(3,189)
Total deferred income	<u>70,919</u>	<u>74,050</u>

Deferred grants comprise the difference between the nominal value of the interest-free loans obtained from the Federal Government via the State Government of Penang as disclosed in Note 10.1 and the fair value of the said loans measured on initial recognition. The deferred grant is amortised to profit or loss over the period from initial loan drawdown up to the maturity of the loans.

Included in deferred grants is also the amount due from the State Government of Penang as disclosed in Note 5.1 recognised as deferred income on initial recognition and amortised to profit or loss over the remaining lease terms of the water assets leased by the Group.

13. Deferred tax liabilities - Group

The deferred tax liabilities are attributable to the following :

	2025 RM'000	2024 RM'000
Property, plant and equipment	160,700	164,000
Capital contribution funds	14,500	14,000
Right-of-use assets	44,300	45,800
Lease liabilities	(49,400)	(51,000)
Unutilised reinvestment allowances (Note 13.1)	-	(43,000)
Other deductible temporary differences	(14,600)	(7,300)
	<u>155,500</u>	<u>122,500</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

13. Deferred tax liabilities - Group (continued)

Movements in temporary differences during the year are as follows :

Group	At 1.1.2024 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2024/ 1.1.2025 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2025 RM'000
Property, plant and equipment	167,000	(3,000)	164,000	(3,300)	160,700
Capital contribution funds	10,000	4,000	14,000	500	14,500
Right-of-use assets	47,300	(1,500)	45,800	(1,500)	44,300
Lease liabilities	(52,000)	1,000	(51,000)	1,600	(49,400)
Unutilised reinvestment allowances (Note 13.1)	(41,000)	(2,000)	(43,000)	43,000	-
Other temporary differences	(2,600)	(4,700)	(7,300)	(7,300)	(14,600)
	128,700	(6,200)	122,500	33,000	155,500

13.1 Judgements and assumptions in relation to deferred tax recognised for unutilised reinvestment allowances

The total unutilised reinvestment allowances (gross amount) available for carry-forward and the year of assessment ("YA") in which they expire are as follows:

	2025 RM'000	2024 RM'000
YA 2025	-	464,928
YA 2031	-	154,746
	-	619,674

Management applied judgements and assumptions to estimate the amount of future taxable profits and the extent of deferred tax assets recognised for unutilised reinvestment allowances. Deferred tax assets on unutilised reinvestment allowances was recognised to the extent that future taxable profits will be available against which they are probable to be utilised as follows :

	2025 RM'000	2024 RM'000
Total unutilised reinvestment allowances (group) at 31 December	-	619,674
Amount probable of utilisation recognised in deferred tax liabilities	-	(177,800)
	-	441,874

In prior financial years, the Group recognised deferred tax asset ("DTA") on unutilised reinvestment allowance ("RA") claimed under Schedule 7A of the Income Tax Act 1967 to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

In light of a recent development in an applicable case law relating to RA claims by a utility company, the Group reassessed and reversed the DTA recognised in the previous financial years for RA claimed from year of assessments 2020 to 2024. The said reversal resulted in additional deferred tax expense of RM17,100,000 being recognised during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

14. Trade and other payables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group					
Trade					
Trade payables		7,810	7,123	-	-
Non-trade					
Amount due to a subsidiary	14.1	-	-	261	63
Other payables	14.2	78,907	63,787	52	10
Accrued expenses	14.2	60,865	62,777	109	132
Dividend payable		7,447	7,447	7,447	7,447
Refundable deposits	14.3	140,878	135,662	-	3
		288,097	269,673	7,869	7,655
		<u>295,907</u>	<u>276,796</u>	<u>7,869</u>	<u>7,655</u>

14.1 Amount due to a subsidiary - Company

The non-trade amount due to a subsidiary is unsecured, interest-free and payable on demand.

14.2 Other payables and accrued expenses - Group

Included in other payables and accrued expenses is RM35,521,000 (2024 : RM45,912,000) for the purchase of property, plant and equipment.

14.3 Refundable deposits - Group

Refundable deposits comprise mainly water supply deposits and security deposits received from customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

15. Revenue

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers				
<i>Recognised at a point in time</i>				
- Sale of treated water	483,201	455,385	-	-
- Training services	287	234	-	-
<i>Customers' contributions :</i>				
- Capital contribution funds	35,833	49,536	-	-
- Assets transferred from customers	48,654	21,598	-	-
	567,975	526,753	-	-
Other revenue				
- Dividend income from a subsidiary	-	-	16,967	14,846
- Distribution income from short-term investments	285	776	285	776
- Interest income	184	74	184	74
	469	850	17,436	15,696
	568,444	527,603	17,436	15,696

No disaggregation of revenue by geographical market is presented as the Group's businesses are operated solely in Penang, Malaysia.

15.1 Performance obligations

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Right of refund and variable element in consideration
Sale of treated water	Revenue is recognised at a point in time when the treated water is discharged through the reading meters installed, i.e. when control of the asset is transferred to the customer, generally when the customer consumes the water.	Credit period of 30 days from invoice date.	Not applicable.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

15. Revenue (continued)

15.1 Performance obligations (continued)

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Right of refund and variable element in consideration
Capital contribution funds	Revenue is recognised at a point in time when the connection to the public mains takes place.	Not applicable.	Not applicable.
Assets transferred from customers	Fair value of the asset is recognised as revenue at a point in time when the assets are transferred to the Group.	Not applicable.	Not applicable.
Training services	Revenue is recognised at a point in time when the training is conducted.	Credit period of 30 days from invoice date.	Not applicable.

15.2 Transaction price allocated to the remaining obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 and does not disclose the transaction price allocated to unsatisfied (or partially satisfied) performance obligations where the contract has an original expected durations of 1 year or shorter.

15.3 Judgements and assumptions in relation to revenue from customers' contributions

The Group receives contributions from property developers/owners for new connections made to the public mains in the form of cash or cash equivalents and infrastructure assets, collectively known as customers' contributions. The components of customers' contributions include capital contribution funds and/or assets transferred from property developers/owners.

Judgement is required when applying MFRS 15, *Revenue from contracts with customers* to determine who the customer is, the performance obligations to the customer and when the performance obligation is fulfilled. The Directors apply judgement to determine whether the income received is for the connection to the public mains, allowing the completion of the properties under construction via the issuance of "No Objection Letters" by the Group, or to facilitate the ongoing supply of water to the properties in question.

The Directors are of the opinion that the agreements on customers' contributions as set out in the local legislations are between the property developers/owners with the Group. As such, the property developers/owners are regarded as the customers and the performance obligation to the customer is met upon which revenue is recognised, when connection to the public mains or water network has been completed and the transfer of assets is effected by the property developers/owners.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

16. Results from operating activities

Results from operating activities are arrived at after charging/(crediting) :

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration				
- audit fees	260	260	50	50
- non-audit fees				
- current year	40	40	40	40
- prior year	-	30	-	30
Local affiliate of KPMG				
- non-audit fees	54	54	8	8
Material expenses/(income)				
Amortisation of deferred income	(3,131)	(3,189)	-	-
Property, plant and equipment				
- depreciation	77,424	69,140	-	-
- written off	407	995	-	-
- impairment loss	-	1,456	-	-
Right-of-use assets:				
- depreciation	5,373	5,380	-	-
- gain on derecognition	-	(3)	-	-
Water supply licence fee	4,873	4,724	-	-
Fair value gain on short-term investments	(6,223)	(2,510)	(829)	(347)
Gain on disposal of plant and equipment	(57)	(268)	-	-
Income from short-term investments	(571)	(3,485)	(285)	(776)
Expenses/(Income) arising from leases				
Expenses relating to :				
- short-term leases*	636	1,071	-	-
- leases of low-value assets*	375	425	16	17
Lease income	(1,905)	(1,892)	-	-
Net loss/(gain) on impairment of financial instruments				
<i>Financial assets at amortised cost</i>				
- trade receivables	3,624	2,241	-	-
- other receivables	9	(43)	-	-
	3,633	2,198	-	-

* The Group leases plant and machinery, office equipment and premises with contract terms of 1 year or shorter. These are short term leases or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

17. Finance costs - Group

	2025 RM'000	2024 RM'000
Interest in relation to lease liabilities	12,295	12,486
Accretion of interests on loans and borrowings (Note 10)	1,062	1,122
Interest expense on Islamic Medium-Term Notes	3,289	-
	16,646	13,608
Capitalised in property, plant and equipment (Note 2.3)	(3,289)	-
Recognised in profit or loss	<u>13,357</u>	<u>13,608</u>

18. Staff costs - Group

	2025 RM'000	2024 RM'000
Salaries, bonuses and allowances	110,103	99,949
Defined contribution retirement plan	15,393	13,855
Social security costs	1,324	1,149
Employment insurance system	151	131
Other staff related expenses	9,049	7,954
	<u>136,020</u>	<u>123,038</u>

19. Key management personnel compensation

The key management personnel compensation during the year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Company :				
<i>Current Directors</i>				
- Allowances	441	380	320	284
<i>Past Directors</i>				
- Allowances	17	113	17	87
	<u>458</u>	<u>493</u>	<u>337</u>	<u>371</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

19. Key management personnel compensation (continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the subsidiaries :				
<i>Current Directors</i>				
- Allowances	105	105	-	-
<i>Past Directors</i>				
- Allowances	7	403	-	6
- Estimated monetary value of benefits otherwise than in cash	-	11	-	-
	7	414	-	6
	112	519	-	6
Other key management personnel				
- Salaries, bonuses and allowances	6,050	5,189	48	45
- Defined contribution retirement plan	1,056	908	-	-
- Others	21	18	-	-
- Estimated monetary value of benefits otherwise than in cash	22	21	-	-
	7,149	6,136	48	45
Total key management personal compensation	7,719	7,148	385	422

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. Key management personnel include certain senior management personnel of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

20. Tax expense

Recognised in profit or loss

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax expense				
- Current year	9,693	11,217	105	125
- Prior year	119	152	1	7
Total current tax	9,812	11,369	106	132
Deferred tax (income)/expense				
- Current year	15,900	(6,400)	-	-
- Prior year	17,100	200	-	-
Total deferred tax	33,000	(6,200)	-	-
Total tax expense	42,812	5,169	106	132

Reconciliation of tax expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax	157,361	149,336	15,615	13,786
Income tax at Malaysian statutory tax rate of 24%	37,767	35,841	3,748	3,309
Income not subject to tax	(13,777)	(7,406)	(4,272)	(3,716)
Expenses not deductible for tax purposes	1,603	1,272	629	532
Effect of deferred tax assets recognised	-	(24,890)	-	-
Under provision in prior year	17,219	352	1	7
	42,812	5,169	106	132

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

21. Basic/Diluted earnings per ordinary share - Group

21.1 Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year as follows:

	2025	2024
Profit attributable to owners of the Company (RM'000)	114,549	144,167
Total number of ordinary shares issued ('000)	331,271	331,271
Number of treasury shares held ('000)	(277)	(276)
Weighted average number of ordinary shares in issue ('000)	330,994	330,995
Basic earnings per ordinary share (sen)	34.61	43.56

21.2 Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive instruments outstanding at the end of the financial year (2024 : no outstanding instruments with potential dilutive effect).

22. Dividends

	Sen per share	Amount RM'000	Date of payment
2025			
2024 final dividend	2.25	7,447	01 August 2025
2025 interim dividend	2.25	7,447	02 January 2026
	<u>4.50</u>	<u>14,894</u>	
2024			
2023 final dividend	1.75	5,792	26 July 2024
2024 interim dividend	2.25	7,447	10 January 2025
	<u>4.00</u>	<u>13,239</u>	

A final dividend of 2.75 sen per ordinary share totalling RM9,102,321 in respect of the financial year ended 31 December 2025 has been recommended by the Board of Directors, subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect this final dividend for the financial year ended 31 December 2025, which will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2026.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

23. Segmental information - Group

(i) Operating segments

The Group has one reportable segment, which is the abstraction of raw water, treatment of water, supply and sale of treated water to consumers in the State of Penang. Accordingly, information by operating segment on the Group's operations has not been presented.

(ii) Geographical segments

Segmental reporting by geographical area is not presented as the Group's businesses are operated solely in Penang, Malaysia.

24. Related parties

Significant related party transactions

Related party transactions were entered in the normal course of business and established under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation as disclosed in Note 19 are as follows :

	2025 RM'000	2024 RM'000
Group		
Transactions with government related parties		
Sale of treated water	7,773	7,524
Rental expense	469	455
Loan repayment	2,200	2,200
Land premium paid	28,420	4,247
Security deposits paid	46	51
Raw water charges	13,222	13,259
Property assessment tax paid	798	775
Service and maintenance fees and others	197	197

Company

Transactions with a subsidiary

Management service fee expense	1,081	829
Dividend income	16,967	14,846

The non-trade balances with related parties are disclosed in Note 5 and 14. All the amounts outstanding are unsecured and are expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM'000	AC RM'000
2025		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	231,147	231,147
Cash and cash equivalents	547,123	547,123
	<u>778,270</u>	<u>778,270</u>
Company		
Trade and other receivables (excluding prepayments)	240	240
Cash and cash equivalents	47,534	47,534
	<u>47,774</u>	<u>47,774</u>
Financial liabilities		
Group		
Loans and borrowings	317,497	317,497
Trade and other payables	295,907	295,907
	<u>613,404</u>	<u>613,404</u>
Company		
Trade and other payables	<u>7,869</u>	<u>7,869</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
2024		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	224,672	224,672
Cash and cash equivalents	279,681	279,681
	<u>504,353</u>	<u>504,353</u>
Company		
Trade and other receivables (excluding prepayments)	558	558
Cash and cash equivalents	46,354	46,354
	<u>46,912</u>	<u>46,912</u>
Financial liabilities		
Group		
Loans and borrowings	19,317	19,317
Trade and other payables	276,796	276,796
	<u>296,113</u>	<u>296,113</u>
Company		
Trade and other payables	<u>7,655</u>	<u>7,655</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Net (gains)/losses on :				
Financial assets measured at amortised cost				
- net impairment loss on financial assets	3,633	2,198	-	-
- interest income	(2,473)	(8,892)	(469)	(850)
- net gain due to change in fair value	(6,223)	(2,510)	(829)	(347)
- dividend income	-	-	(16,967)	(14,846)
	<u>(5,063)</u>	<u>(9,204)</u>	<u>(18,265)</u>	<u>(16,043)</u>
Financial liabilities measured at amortised cost				
- interest expense	1,062	1,122	-	-
	<u>(4,001)</u>	<u>(8,082)</u>	<u>(18,265)</u>	<u>(16,043)</u>

25.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Credit risks is minimised and monitored via the water supply deposits collected from customers according to the Suruhanjaya Perkhidmatan Air Negara (“SPAN”) uniform technical guidelines. Trade receivables are monitored on an ongoing basis via the Group’s management reporting procedures.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired based on months past due and generally, customers with past due water bills above 90 days are considered higher in risk.

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. There was no major concentration of credit risk at the end of the reporting period.

The credit risk exposure for trade receivables at the end of the reporting period by geographical region is not disclosed as the Group’s businesses are wholly operated in Penang, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

The Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime expected credit losses ("ECL") using a simplified approach.

The Group reserves the right to clamp the water meter and to disconnect the water supply for customers with long overdue balances. Warning notices will be issued as reminder to the customers before the disconnection takes place. The Group assesses the historical default experience of long overdue balances individually and impairs trade receivables which are past due more than 90 days. The Group will fully impair the outstanding balance of water bill accounts which have become inactive and terminated subsequently.

The following table provides information about the exposure to credit risk and ECLs for trade receivables at period end.

	Gross carrying amount	Loss allowance	Net balance
	RM'000	RM'000	RM'000
Group			
2025			
Current	58,378	-	58,378
1 - 30 days past due	7,192	-	7,192
31 - 60 days past due	4,643	-	4,643
61 - 90 days past due	2,841	-	2,841
	<hr/>		
	73,054	-	73,054
Credit impaired			
More than 90 days past due	7,961	(7,961)	-
Individually impaired	7,766	(7,766)	-
	<hr/>		
	88,781	(15,727)	73,054
	<hr/>		

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2024			
Current	58,324	-	58,324
1 - 30 days past due	6,635	-	6,635
31 - 60 days past due	3,953	-	3,953
61 - 90 days past due	2,653	-	2,653
	71,565	-	71,565
Credit impaired			
More than 90 days past due	6,602	(6,602)	-
Individually impaired	5,528	(5,528)	-
	83,695	(12,130)	71,565

There are past due trade receivables which the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the end of the reporting period.

The movements in the allowance for impairment loss in respect of trade receivables during the year are shown below.

	Loss allowance	
	2025 RM'000	2024 RM'000
Group		
Balance at 1 January	12,130	9,892
Net remeasurement of loss allowance	3,624	2,241
Amount written off	(27)	(3)
Balance at 31 December	15,727	12,130

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with established banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

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

The Group recognised an impairment loss of RM9,600 (2024: reversal of impairment loss of RM43,000) in respect of other receivables during the year in profit or loss.

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

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

2025	Group	Carrying amount RM'000	Contractual interest/ discount rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
	<i>Non-derivative financial liabilities</i>							
	Loans and borrowings	317,497	3.57 - 5.50	459,466	9,630	13,240	39,510	397,086
	Lease liabilities	211,847	5.69 - 6.01	448,363	16,792	15,348	43,702	372,521
	Trade and other payables	295,907	-	295,907	295,907	-	-	-
		<u>825,251</u>		<u>1,203,736</u>	<u>322,329</u>	<u>28,588</u>	<u>83,212</u>	<u>769,607</u>
	Company							
	<i>Non-derivative financial liabilities</i>							
	Other payables	<u>7,869</u>	-	<u>7,869</u>	<u>7,869</u>	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

	2024	Carrying amount RM'000	Contractual interest/ discount rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>								
Loans and borrowings		19,317	5.50	27,200	2,200	2,200	6,600	16,200
Lease liabilities		216,098	4.62 - 6.01	464,863	16,853	16,569	44,359	387,082
Trade and other payables		276,796	-	276,796	276,796	-	-	-
		512,211		768,859	295,849	18,769	50,959	403,282
Company								
<i>Non-derivative financial liabilities</i>								
Other payables		7,655	-	7,655	7,655	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.6 Market risk

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

25.6.1 Interest rate risk

The Group's primary interest rate risk is related to debt obligations and deposits, which mainly comprises borrowings (Islamic Medium-Term Notes) and short-term investments with financial institutions. Fixed rate borrowings are exposed to a risk of change in their fair values due to the changes in interest rates. The Group's and the Company's variable rate short-term funds are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk. The Group's loans from Federal Government via the State Government of Penang are non-interest bearing.

Exposure to interest rate risk

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

	2025 RM'000	2024 RM'000
Group		
Fixed rate instruments		
Financial liabilities	<u>511,165</u>	<u>216,098</u>
Floating rate instruments		
Financial assets	<u>462,641</u>	<u>164,201</u>
Company		
Floating rate instruments		
Financial assets	<u>31,190</u>	<u>31,129</u>

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.1 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) *Cash flow sensitivity analysis for variable rate instruments*

An increase of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/decreased post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	2025	2024
	RM'000	RM'000
Group		
Floating rate instruments	<u>3,516</u>	<u>1,248</u>
Company		
Floating rate instruments	<u>237</u>	<u>237</u>

25.7 Fair value information

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

The amount owing from the State Government of Penang and the interest-free loans obtained from the Federal Government via the State Government of Penang approximate their fair values as the liabilities were present valued using imputed interest rates which closely approximate the prevailing market interest rate on initial recognition and the liabilities are accreted annually.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities										
2025										
Group										
Islamic Medium-Term Notes	-	-	-	-	-	-	299,318	299,318	299,318	299,318
Financial liabilities										
2024										
Group										
Islamic Medium-Term Notes	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

25. Financial instruments (continued)

25.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between levels

There has been no transfer between the fair value levels during both financial years.

Level 3 fair value

Non-derivative financial liabilities

The fair value of the Islamic Medium-Term Notes is determined to approximate carrying amount as the periodic distribution rates and payment scheme represent transacted price and arrangements with market participants in an orderly transaction.

26. Capital commitments - Group

	2025	2024
	RM'000	RM'000
Contracted but not provided for :		
- Property, plant and equipment	<u>535,000</u>	<u>172,000</u>

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes any necessary adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders or issue new shares. During the current financial year, the Group utilised Islamic Medium-Term Notes based on the Shariah principal of Wakalah Bi Al-Istithmar to finance its long-term capital expenditure projects.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2025

28. Operating licence for water supply service operations

Amendments to the Federal Constitution were made to transfer the jurisdiction of water supply services from the State List to the Concurrent List. These amendments were gazetted on 10 February 2005 to enable the Federal Government to regulate water supply services while the State Government regulates the raw water resources.

New acts were subsequently enacted, namely the Water Services Industry Act 2006 (Act 655) (WSIA 2006) and the Suruhanjaya Perkhidmatan Air Negara Act 2006 (Act 654) (SPAN 2006). WSIA 2006, which came into force on 1 January 2011, provides for the regulation of water supply services and sewerage services and the establishment of licensing and regulatory framework to promote the national policy objectives for the water supply services and sewerage services industries. SPAN 2006, which was approved by Parliament in June 2006 and came into force on 1 February 2007, provides for the establishment of the regulatory body, Suruhanjaya Perkhidmatan Air Negara (SPAN) to carry out the provisions of WSIA 2006.

On 2 June 2011, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd., a subsidiary of the Company was granted an Individual Service Licence and Facility Licence by SPAN pursuant to Section 9 of the WSIA 2006. The licence is renewable every four years and will expire on 31 December 2026. The licence fee payable is calculated at 1% of the subsidiary's gross turnover, which is interpreted as revenue derived from the principal activities of the subsidiary and is inclusive of other water related income.

29. Significant events

(i) Islamic Medium Term Notes

On 2 July 2025, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP"), a wholly owned subsidiary of the Company established an unsecured Islamic Medium Term Notes of up to RM5.0 billion in nominal value based on the Shariah principal of Wakalah Bi Al-Istithmar ("Sukuk Wakalah").

On 4 September 2025, PBAPP issued RM300 million Sukuk Wakalah comprising RM150 million with 10 years tenure and RM150 million with 15 years tenure, with periodic distribution rates of 3.57% and 3.75% per annum respectively.

(ii) Perak Penang Water Project

On 6 November 2025, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd., a wholly owned subsidiary of the Company, has entered into a non-binding Memorandum of Understanding ("MoU") with Perbadanan Kemajuan Negeri Perak ("PKNPK") and Gamuda Berhad ("Gamuda") to explore a long-term collaboration for the supply of treated water from Perak to Penang.

This MOU provides for the entering into a definitive Bulk Water Supply Agreement within 6 months from the date of the MOU, subject to the approval by relevant authorities.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 192 to 242 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
YB Dato' Seri Haji Zulkifli bin Long
Director

.....
YB Dato' Haji Zairi bin Haji Mat Ali
Director

Date : 23 April 2026

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Dr. Mary Ann Harris**, the officer primarily responsible for the financial management of PBA Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 192 to 242 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Dr. Mary Ann Harris**, MIA CA 9375, at George Town in the State of Penang on 23 April 2026.

.....
Dr. Mary Ann Harris
Chief Financial Officer

Before me :

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **PBA Holdings Bhd** (Registration No. 200001012513 (515119 - U)) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PBA Holdings Bhd, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 192 to 242.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF **PBA Holdings Bhd** (Registration No. 200001012513 (515119 - U)) (Incorporated in Malaysia)

Key Audit Matters

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

Revenue recognition	
Refer to Note 15 - Revenue	
The key audit matter	How the matter was addressed in our audit
<p>RM483.2 million or 85% of the Group's total revenue for the financial year ended 31 December 2025 was derived from the sale of treated water and RM84.5 million or 15% was derived from customers' contributions.</p> <p>The Group relies on its water billing system i.e. the Integrated Revenue Management System ("iRMS") to process, bill and record revenue derived from the sale of treated water. The iRMS processes large volumes of data and transactions that are individually low in value.</p>	<p>Our audit procedures, amongst others, include:</p> <ul style="list-style-type: none">• Evaluated the design and implementation and tested the operating effectiveness of key controls over water revenue recognition;• Involved our Information Technology ("IT") specialists to test the Group's General IT and automated controls over water revenue recognition;• Performed substantive analytical procedures over revenue derived from sale of treated water;• Verified customers' contributions on sampling basis to supplier's invoices, valuation reports and the No Objection Letters for issuance of Certificate of Completion and Compliance issued by the Group;• Compared the Group's unbilled water revenue at year end to actual amounts billed subsequent to the reporting period;• Tested material credit notes issued after the end of the reporting period; and• Assessed whether the Group has appropriately identified the performance obligations involved in relation to the recognition of customers' contributions. Evaluated the appropriateness of the revenue recognition policies adopted and disclosures made by the Group.

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF **PBA Holdings Bhd** (Registration No. 200001012513 (515119 - U)) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF **PBA Holdings Bhd** (Registration No. 200001012513 (515119 - U)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion

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

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF **PBA Holdings Bhd** (Registration No. 200001012513 (515119 - U)) (Incorporated in Malaysia)

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Raymond Chong Chee Mon
Approval Number : 03272/06/2026 J
Chartered Accountant

Penang

Date : 23 April 2026

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

Issued Shares	: 331,270,401 Ordinary Shares (“Shares”) with 1 Special Rights Redeemable Preference Share (“Special Share”)
Class of Equity Securities	: Ordinary Shares (“Shares”)
Voting Right	: 1 vote per Share

Distribution Schedule of Shareholders

No. of Holders	Size of Shareholdings	No. of Issued Shares #	% #
63	Less than 100 Shares	951	*
4,430	100 - 1,000 Shares	4,126,196	1.25
1,812	1,001 - 10,000 Shares	7,668,881	2.32
557	10,001 to 100,000 Shares	17,328,154	5.23
132	100,001 to less than 5% of Issued Shares	86,719,318	26.20
2	5% and above of Issued Shares	215,150,001	65.00
6,996		330,993,501	100.00

SUBSTANTIAL SHAREHOLDERS

(Excluding those who are bare trustees pursuant to Section 130 of the Companies Act, 2016)

Name	No. of Shares beneficially held				Note
	Direct Interest	% #	Indirect Interest	%	
State Secretary, Penang	182,050,001	55.00	-	-	a
Penang Development Corporation	33,100,000	10.00	-	-	-

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares beneficially held			
	Direct Interest	%	Indirect Interest	%
YAB Tuan Chow Kon Yeow	-	-	-	-
YB Dato' Dr. Mohamad bin Abdul Hamid	-	-	-	-
Dato' Seri Haji Zulkifli bin Long	-	-	-	-
YB Tuan Zairil Khir Johari	-	-	-	-
Tuan Haji Fadzil bin Haji Abdullah	-	-	-	-
YBhg. Dato' Agatha Foo Tet Sin	-	-	-	-
YBhg. Dato' Brian Tan Guan Hooi	-	-	-	-
Cik Lim Seang Lee	-	-	-	-
Encik Lim Eng Huat	-	-	-	-
Puan Nor Hatina binti Md Salleh	-	-	-	-
YM Raja Azmi bin Raja Nazuddin	-	-	-	-
YBhg. Dato' Ir Sabri bin Abdul Mulok	-	-	-	-

INTEREST IN THE RELATED CORPORATIONS

None of the above Directors have any interest in Shares in the related corporations of the Company.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 31 MARCH 2026

List of the 30 Largest Securities Account Holders

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held #	% #
1	STATE SECRETARY, PENANG	182,050,001	55.00
2	PENANG DEVELOPMENT CORPORATION	33,100,000	10.00
3	YAYASAN BUMIPUTRA PULAU PINANG BHD.	13,567,900	4.10
4	OOI CHIENG SIM	6,127,600	1.85
5	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	4,824,200	1.46
6	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KAF) (446190)	4,502,700	1.36
7	NEOH CHOO EE & COMPANY, SDN. BERHAD	4,200,000	1.27
8	CITIGROUP NOMINEES (TEMPATAN)SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	3,264,200	0.99
9	CITIGROUP NOMINEES (ASING)SDN BHD	3,178,200	0.96
10	EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN) AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR VOYAGER ASSETS LIMITED	3,004,600	0.91
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF TRUSTEES MALAYSIA BERHAD FOR MAYBANK ASIAPAC EX-JAPAN EQUITY-I FUND	1,821,700	0.55
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO.LTD. (SINGAPORE BCH)	1,600,000	0.48
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	1,565,400	0.47
14	ENG SU LIM	1,500,000	0.45
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	1,330,300	0.40
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG PHOOI YIN (E-TAI)	1,328,900	0.40
17	EMERALD LODGE SDN. BHD.	1,264,000	0.38
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (MEKAR)	1,055,600	0.32

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 31 MARCH 2026

List of the 30 Largest Securities Account Holders (Cont'd)

(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares held #	% #
19	KU NEE KHER @ CHEW FA	1,015,600	0.31
20	DYNAQUEST SDN. BHD.	1,000,000	0.30
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR TAN LEANG KOK (M01)	994,100	0.30
22	HSBC NOMINEES (ASING) SDN BHD BNPP SIN/2S FOR MAYBANK ASIAN EQUITY FUND	836,500	0.25
23	LIM MING LANG @ LIM MING ANN	791,400	0.24
24	ONG BEE LIAN	787,400	0.24
25	TAN AIK CHOON	737,500	0.22
26	LOUIS EDWARD VAN BUERLE	725,900	0.22
27	SHIN LEE YEUCH @ CHIN LEE YEUK	689,300	0.21
28	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA ISLAMIC FUND	675,000	0.20
29	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	670,000	0.20
30	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	600,000	0.18

Notes:

* *Negligible*

Exclude 1 Special Share which is not listed on the Main Market of Bursa Malaysia Securities Berhad and 276,900 Shares which are currently held as treasury shares.

a. *Exclude 1 Special Share which is not listed on the Main Market of Bursa Malaysia Securities Berhad.*

TOP 10 PROPERTIES OF THE GROUP

ITEM NO.	PROPERTY	LOT NO.	LOCATION (MUKIM, BANDAR/ DAERAH)	TYPE	TENURE	LAND AREA (HECTARE)	NET BOOK VALUE AS AT 31 DECEMBER 2025 RM'000
1	Sungai Dua Treatment Plant	2394 2395 PT941 PT942 PT943	11, SPU " " " "	Treatment Plant	99 years " " " "	1.441 13.149 5.197 0.015 <u>0.322</u> 20.124	157,789
2	Telok Bahang Pumphouse & Reservoir	695 684 PT1 15220 231 377 380 383 384 535 10001 381 389 PT121	1, DBD " 2, DBD " " " " " " " " " " " "	Pumphouse & Reservoir	In perpetuity " " " " " " " " " " " 99 years " "	7.662 10.360 1.449 5.670 0.052 0.991 0.405 2.076 0.628 2.458 0.316 0.376 0.086 <u>0.416</u> 32.945	20,912
3	Macallum Pipeline	PT366(PLOT 1)	Sect.11E, DTL	Pipeline	In perpetuity	0.1663	20,043
4	Bukit Indera Muda Reservoir	927 928 1113 908 10001	3, SPT " 21, SPT 3, SPT "	Reservoir	99 years " " In perpetuity "	2.959 2.970 0.859 0.741 <u>0.934</u> 8.463	16,936
5	Jawi Reservoir	3235	5, SPS	Reservoir	In perpetuity	3.132	16,808

TOP 10 PROPERTIES OF THE GROUP (Cont'd)

ITEM NO.	PROPERTY	LOT NO.	LOCATION (MUKIM, BANDAR/ DAERAH)	TYPE	TENURE	LAND AREA (HECTARE)	NET BOOK VALUE AS AT 31 DECEMBER 2025 RM'000
6	Rifle Range Road Workshop, Stores & Office	2105 2137 & 2138 726	Sect. 2, George Town, DTL	Workshop, Store Quarters & Office	99 years 97 years In perpetuity	2.066 0.859 <u>0.304</u> 3.229	15,808
7	Pulau Jerejak Reservoir & Pipeline	11255	Mk 13, DTL	Reservoir & Pipeline	In Perpetuity	3.539	15,033
8	Bukit Dumbar Reservoir	729 PT16 658 659 661	Sect. 4, Jelutong, DTL " "	Reservoir	In perpetuity " " " "	5.623 9.101 2.430 0.289 <u>0.930</u> 18.373	14,749
9	Batu Ferringhi Quarters, Bungalow & Treatment Plant	10018	17, DTL	Quarters & Treatment Plant	In perpetuity	9.188	13,554
10	Sungai Kerian Treatment Plant	PT310 (Plot 1) PT2179 (Plot 2)	MK 8 SPS MK 9 SPS	Treatment Plant	In perpetuity "	0.212 <u>0.416</u> 0.428	12,763

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth (“26th”) Annual General Meeting (“AGM”) of PBA Holdings Bhd. (“PBAHB” or the “Company”) will be held at Hotel Jen, Magazine Road, 10300 George Town, Pulau Pinang on Tuesday, 16 June 2026 at 10:00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon.

(Please refer to Explanatory Note 2)

2. To approve the payment of a final dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2025.

Ordinary Resolution 1

(Please refer to Explanatory Note 3)

3. To re-elect the following Directors, who are retiring in accordance with Regulation 121 of the Constitution of the Company and being eligible, have offered themselves for re-election: -

- i. YAB Tuan Chow Kon Yeow;
- ii. YB Dato’ Dr. Mohamad bin Abdul Hamid; and

Ordinary Resolution 2
Ordinary Resolution 3

YBhg. Dato’ Agatha Foo Tet Sin, who retires in accordance with Regulation 121 of the Constitution of the Company, will not seek re-election and will retire at the conclusion of this 26th AGM.

(Please refer to Explanatory Note 4)

4. To re-elect the following Directors who are retiring in accordance with Regulation 119 of the Constitution of the Company and being eligible, have offered themselves for re-election: -

- i. YB Dato’ Haji Zairi bin Haji Mat Ali
- ii. YM Raja Azmi bin Raja Nazuddin
- iii. YBhg. Dato’ Ir. Sabri bin Abdul Mulok

Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6

(Please refer to Explanatory Note 4)

5. To approve the benefits payable to the Directors up to an amount of RM1,100,000.00 for the period from 17 June 2026 until the next AGM of the Company.

Ordinary Resolution 7

(Please refer to Explanatory Note 5)

6. To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 8

(Please refer to Explanatory Note 6)

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS

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

7. Ordinary Resolution

Ordinary Resolution 9

- **Proposed renewal of authority for the Company to undertake a share buy-back of up to 10% of its total issued share capital (“Proposed Renewal of Share Buy-Back Authority”)**

“THAT, subject always to the Companies Act 2016 (the “Act”), the Company’s Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to the fullest extent permitted by law to purchase such amount of ordinary shares in the Company (“PBAHB Shares”) from time to time through Bursa Securities upon such terms and conditions (“Proposed Share Buy-Back”) as the Directors may deem fit and expedient in the interest of the Company, provided that:

- i) the aggregate number of PBAHB Shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as treasury shares (if any);
- ii) the maximum funds to be allocated by the Company for the purpose of Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase, upon such terms and conditions as set out in the Statement to Shareholders dated 30 April 2026;

THAT the authority conferred by this resolution shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM at which such a resolution was passed, at which time it will lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS (CONT'D)

To consider and, if thought fit, to pass the following resolutions, with or without modifications (Cont'd): -

7. Ordinary Resolution (Cont'd)

Ordinary Resolution 9

- **Proposed renewal of authority for the Company to undertake a share buy-back of up to 10% of its total issued share capital (“Proposed Renewal of Share Buy-Back Authority”) (Cont'd)**

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of PBAHB Shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

THAT upon completion of the purchase(s) of the PBAHB Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the PBAHB Shares purchased in their absolute discretion, either to cancel PBAHB Shares so purchased or to retain PBAHB Shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or transfer PBAHB Shares or any of PBAHB Shares as purchase consideration and/or cancel all or part of PBAHB Shares, or to retain part of PBAHB Shares so purchased as treasury shares and/or subsequently cancelled, or to retain part of PBAHB Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, the requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations issued by other relevant authority for the time being in force;

AND THAT the Board of Directors (“Board”) be and is hereby authorised to take all such steps as necessary or expedient to implement, finalise, complete or to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time or as the Board may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company.”

(Please refer to Explanatory Note 7)

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AS SPECIAL BUSINESS (CONT'D)

8. Ordinary Resolution

Ordinary Resolution 10

- **Mandate for YBhg. Dato' Brian Tan Guan Hooi, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company**

“THAT approval be and is hereby given to YBhg. Dato' Brian Tan Guan Hooi, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of next AGM of the Company.”

(Please refer to Explanatory Note 8)

9. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a final dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2025 will be payable on 24 July 2026 to the depositors who are registered in the Record of Depositors at the close of business on 2 July 2026, if approved by the shareholders at the forthcoming 26th AGM of the Company on 16 June 2026.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the depositor's securities account before 4:30 p.m. on 2 July 2026 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board,

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC No. 201908002648)

LOW SEOW WEI (MAICSA 7053500) (SSM PC No. 202008000437)

Company Secretaries

Dated: 30 April 2026

Penang

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES TO THE NOTICE OF THE 26th AGM:

1. Appointment of Proxy and/or Authorised Representative

- (i) In respect of deposited securities, only members whose names appear on the Record of Depositors as at **5 June 2026** (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 26th AGM of the Company or to appoint proxy or proxies to attend, speak and vote on his/her behalf.
- (ii) A member entitled to participate, speak and vote at the 26th AGM of the Company may appoint not more than two (2) proxies or the Chairman as his/her proxy to participate, speak and vote in his/her stead, by indicating the voting instruction in the Form of Proxy:
 - (a) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
 - (b) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
 - (c) A proxy appointed by the member shall have the same rights as the member to participate, speak, and vote at the Meeting.
- (iii) In the case of a corporate member, the instrument appointing a proxy shall be in writing and must be either under its common seal or under the hand of its officer or attorney duly authorised.
- (iv) Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account which is credited with ordinary shares of the Company.
- (v) Where a member is an exempt authorised nominee (“EAN”) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- (vi) Where an authorised nominee or EAN appoints more than one (1) proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (vii) The instrument appointing a proxy/proxies may be made in hardcopy form or by electronic means as follows: -
 - (a) In hardcopy form

The proxy form shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.
 - (b) By electronic means

The proxy form may also be lodged electronically via email at infopbahb@pba.com.my.
- (viii) All instrument appointing a proxy or representative and the duly registered power of attorney or other authority (if any), must be received by the Share Registrar of the Company not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof.
- (ix) A member is not precluded from attending the Meeting in person after lodging the instrument of proxy. If you have submitted your instrument appointing a proxy prior to the Meeting and subsequently wish to revoke your proxy appointment(s), you may deposit a written notice of termination of proxy authority in the following manners not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof:
 - (a) In hardcopy form

The written notice shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.
 - (b) By electronic means

The written notice may also be lodged electronically via email at infopbahb@pba.com.my.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES TO THE NOTICE OF THE 26th AGM (CONT'D):

1. Appointment of Proxy and/or Authorised Representative (Cont'd)

Any alteration to the instrument appointing a proxy must be initialed. The Company shall be entitled to reject an instrument of proxy that is incomplete, improperly completed, illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), all resolutions set out in this Notice of the 26th AGM will be put to vote by way of a poll.

2. Audited Financial Statements for the financial year ended 31 December 2025

The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda item 1. They do not require shareholders' approval and, hence, will not be put to a vote.

3. Declaration of a final dividend for the financial year ended 31 December 2025

In accordance with Regulation 158 of the Company's Constitution, the Company in a general meeting may declare dividends, but no dividend shall be payable except out of profits of the Company and recommended by the Directors. The Company had on 27 February 2026 announced to Bursa Securities the recommendation of the Board in respect of a final dividend of 2.75 sen per ordinary share for the financial year ended 31 December 2025 to be paid to its shareholders, subject to approval by the shareholders at the 26th AGM of the Company.

Pursuant to Paragraph 8.26 of the Listing Requirements, the final dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

4. Re-election of Directors

Regulation 121 of the Company's Constitution states that one-third (1/3) of the Directors shall retire from the office and shall be eligible for re-election at each AGM. All Directors shall retire from the office at least once in each three (3) years but shall be eligible for re-election.

Regulation 119 of the Company's Constitution further states that any Director who is appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In determining the eligibility of the Directors to stand for re-election at the 26th AGM of the Company, the Nomination and Remuneration Committee ("NRC") has considered the following:

- (i) satisfactory performance and have met the criteria of Directors' Fit and Proper Policy of the Company in terms of character, experience, integrity, competence and time in discharging their duties and responsibilities; and
- (ii) for Independent Non-Executive Directors, the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company in decision-making by providing an annual declaration of independence.

The Board (save for the retiring Directors who had abstained from deliberation and voting in respect of their own re-election) accepted the NRC's recommendation that the Directors who retire in accordance with Regulations 121 and 119 of the Company's Constitution are eligible to stand for re-election.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES TO THE NOTICE OF THE 26th AGM (CONT'D):

5. Payment of Benefits Payable to the Directors

Section 230(1) of the Act provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Under Ordinary Resolution 7, the benefits payable to the Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board, which recognises that the benefits payable is in the best interest of the Company from 17 June 2026 until the next AGM of the Company. The benefits comprise allowances, benefits in kind, and the meeting allowance, which will be accorded based on actual attendance of meetings by the Directors and members of the Board Committees.

In this respect, the Board wishes to seek shareholders' approval for the benefits payable to the Directors up to an amount of RM1,100,000.00 from 17 June 2026 until the next AGM of the Company, details of which are as follows:

Description	Chairman		Deputy Chairman		Directors	
	Company RM	Subsidiaries RM	Company RM	Subsidiaries RM	Company RM	Subsidiaries RM
Monthly fixed allowances	5,000	5,000	3,000	3,000	3,000	3,000
Meeting allowance (per meeting)						
a) Chairman	500	500	500	500	500	500
b) Deputy Chairman	500	500	500	500	500	500
c) Board Members	500	500	500	500	500	500
d) Board Committee Members	500	500	500	500	500	500
e) Sub-board Committee Members	500	500	500	500	500	500
Other Claimable Benefits	Business travel and accommodation, communication, medical coverage, and other claimable benefits.					
	Gadget allowance of RM6,000 for the Board Members, to be paid once every two (2) years.					

Payment of benefits to the Directors will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred, subject to the approval of the shareholders at the 26th AGM of the Company.

6. Re-appointment of Auditors

The Audit and Risk Management Committee ("ARMC") has assessed the suitability, effectiveness, and independence of KPMG PLT based on the annual assessment and was satisfied with their independence and performance. The ARMC had recommended the re-appointment of KPMG PLT as external auditors of the Company to the Board for their recommendation to the shareholders for re-appointment at the 26th AGM of the Company until the conclusion of the next AGM.

The Board, at the recommendation of the ARMC, endorsed the re-appointment of KPMG PLT as external auditors of the Company for the financial year 2026, to be presented to the shareholders for approval.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

EXPLANATORY NOTES TO SPECIAL BUSINESS:

7. Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9 is to renew the authority granted by the shareholders of the Company at the Twenty-Fifth (25th) AGM of the Company held on 26 June 2025 to allow the Company to purchase its own shares up to a maximum of ten per centum (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

For further information, please refer to the Statement to Shareholders dated 30 April 2026, which can be downloaded at the Company's website at <https://pbahb.com.my/>.

8. Mandate for YBhg. Dato' Brian Tan Guan Hooi, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance, the Company is required to seek shareholders' approval if it intends to retain an independent director who has served the Company for a cumulative term of more than nine (9) years.

The proposed Ordinary Resolution 10, if passed, will enable the Company to retain YBhg. Dato' Brian Tan Guan Hooi who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years at this 26th AGM, to continue to act as an Independent Non-Executive Director of the Company.

Both the NRC and the Board have, at the annual assessment, assessed the independence of YBhg. Dato' Brian Tan Guan Hooi. The NRC and the Board are satisfied with the results and recommended that the resolution be put up for shareholders' approval to retain YBhg. Dato' Brian Tan Guan Hooi as an Independent Non-Executive Director of the Company based on the following justifications:

- (i) He remains objective and independent in expressing his views and in participating in the deliberation and decision-making of the Board and Board Committees.
- (ii) His length of service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.
- (iii) His knowledge and experience in the industry will continue to contribute positively to the Board and Board Committees in an objective manner.
- (iv) He has confirmed and declared his independence in writing and has satisfied all the criteria of an Independent Director as set out in Paragraph 1.01 of the Listing Requirements.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak, and vote at the forthcoming 26th AGM of the Company and/or any adjournment thereof, a member of the Company:

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS)

As at the date of this Notice of the 26th AGM, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming 26th AGM of the Company.

ADMINISTRATIVE GUIDE

TWENTY-SIXTH ANNUAL GENERAL MEETING (“26th AGM”) OF PBA HOLDINGS BHD. (“PBAHB” OR THE “COMPANY”)

Day and Date : Tuesday, 16 June 2026
Time : 10:00 a.m.
Venue : Hotel Jen, Magazine Road, 10300 George Town, Pulau Pinang

REGISTRATION

1. Registration will commence at 8:30 a.m. at the entrance of the meeting hall and will remain open until the conclusion or adjournment of the 26th AGM of the Company or such time as may be determined by the Chairman of the Meeting. We strongly encourage you to come early to facilitate registration.
2. Please produce your **ORIGINAL** National Registration Identification Card (“**NRIC**”)/Passport (Non-Malaysian) during registration for verification by the Share Registration personnel. No person will be allowed to register on behalf of another person, even with the original NRIC/Passport of that other person. Please ensure that you collect your NRIC/Passport upon completing the registration.
3. Upon verification, you are required to write your name and sign the attendance list. Thereafter, you will be given a barcoded wristband (“**Wristband**”) and a door gift. **Please retain the Wristband for voting.**
4. Only those with Wristbands will be allowed to enter the meeting hall. If you are attending as both a shareholder and a proxy or corporate representative, you will only be given one identification Wristband.
5. The registration counter will only handle verification of identity and registration. If you have any enquiries, please proceed to the **Helpdesk Enquiry Counter** located in the foyer of the meeting hall.

ENTITLEMENTS TO ATTEND, SPEAK, AND VOTE

Only depositors whose names appear on the General Meeting Record of Depositors as at **5 June 2026** and duly verified appointed proxies or corporate representatives shall be entitled to attend, speak, and vote at the 26th AGM of the Company.

PROXY/CORPORATE MEMBER

1. A member entitled to attend and vote at the Meeting is entitled to appoint his or her proxy to attend and vote in his or her stead.
2. A proxy may but need not be a member of the Company, and a member may appoint up to two (2) proxies. There shall be no restriction as to the qualification of the proxy. Any proxy or duly authorised representative appointed to vote and attend in place of a member shall have the same rights as the member to speak at the Meeting.
3. If you wish to attend the Meeting yourself, please **do not submit** any Form of Proxy. You are **not permitted** to attend the Meeting together with a proxy or proxies appointed by you.

PROXY/CORPORATE MEMBER (CONT'D)

4. If you have submitted your instrument appointing a proxy prior to the Meeting and subsequently wish to revoke your proxy appointment(s), you may deposit a written notice of termination of proxy authority in the following manners not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof:

(a) In hardcopy form

The written notice shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.

(b) By electronic means

The written notice may also be lodged electronically via email at infopbahb@pba.com.my.

Alternately, you may proceed to the Helpdesk Enquiry Counter to revoke the appointment of your proxy on the day of the Meeting.

5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
6. All instrument appointing a proxy or representative and the duly registered power of attorney or other authority (if any), must be deposited with the Company in the following manners not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof otherwise the Form of Proxy shall not be treated as valid: -

(a) In hardcopy form

The duly signed instruments shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.

(b) By electronic means

The duly signed instruments may also be lodged electronically via email at infopbahb@pba.com.my.

HELP DESK

1. Please proceed to the Helpdesk Enquiry Counter located in the foyer of the meeting hall for any clarification or queries.

VOTING PROCEDURE

- The voting at the 26th AGM of the Company for resolutions set out in the Notice of the 26th AGM will be conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- The Company has appointed Securities Services (Holdings) Sdn. Bhd., the Share Registrar, as the Poll Administrator, to conduct the poll by way of electronic voting ("**e-voting**") and Commercial Quest Sdn. Bhd., as the Independent Scrutineer, to verify the results of the poll.
- The presentation slides to guide shareholders, proxies, and corporate representatives in casting their votes electronically will be available prior to the commencement of the poll. Shareholders, proxies, and corporate representatives will be guided throughout the e-voting process.
- Upon entering the meeting hall, a keypad voting device will be provided to each shareholder, proxy, or corporate representative based on their Wristbands for e-voting purposes.

VOTING PROCEDURE (CONT'D)

5. Each shareholder, proxy, or corporate representative is invited to cast his/her vote for each motion of the 26th AGM of the Company, and the Chairman of the Meeting will declare the results of each motion after the voting process.
6. The keypad voting device **MUST NOT** be removed from the meeting hall and **MUST** be returned to the Company at the conclusion of the 26th AGM of the Company. Shareholders, proxies, or corporate representatives who wish to leave the meeting hall during the Meeting are required to return the said device to the Company at the exit door of the meeting hall.

PARKING

1. You may park your vehicle at your convenience within Hotel Jen Penang. The Company will **NOT** reimburse the parking fee incurred by shareholders, proxies, or corporate representatives, and the parking fee is charged at a flat rate.

ANNUAL REPORT 2025, SHARE BUY-BACK STATEMENT AND CORPORATE GOVERNANCE REPORT (“AGM DOCUMENTS”)

1. The AGM Documents are available on the Company’s website at <https://pbahb.com.my/> and Bursa Malaysia Securities Berhad’s website at <https://www.bursamalaysia.com> under Company Announcements.
2. If you wish to request a printed copy of the Annual Report 2025 and/or Share Buy-Back Statement, please complete the Request Form, which is available on the Company’s website at <https://pbahb.com.my/>. We will send it to you by ordinary post as soon as reasonably practicable after receiving your request. You may also collect the same from the registration counters on the day of the 26th AGM of the Company.

COMMUNICATION GUIDANCE

Members are advised to check the announcements on the Company’s website at <https://pbahb.com.my/> from time to time for any changes to the administration of the 26th AGM of the Company that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 8:00 a.m. to 5:00 p.m. (except on public holidays):

PBA Holdings Bhd.
Level 32, KOMTAR,
Penang Road,
10000 George Town,
Pulau Pinang.

Telephone Number : 604-200 6700
Email : infopbahb@pba.com.my
Contact person : Dr. Mary Ann Harris, Chief Financial Officer

FORM OF PROXY

Number of shares held	
CDS Account no.	

NRIC/ Passport /
Company/Registration
No.:

I/We _____ (Tel:) _____
(Full Name in Capital Letters) (please provide contact number for better co-ordination)

of _____
(Full Address in Capital Letters)

being a member/members of **PBA Holdings Bhd.** ("the Company") hereby appoint the following person(s): -

First Proxy			
Full Name in Capital Letters	NRIC/Passport No.	Percentage of Shareholdings Represented	
		No. of Shares	%
Telephone no.:			

* and/or (if more than one (1) proxy)

Second Proxy			
Full Name in Capital Letters	NRIC/Passport No.	Percentage of Shareholdings Represented	
		No. of Shares	%
Telephone no.:			

or failing *him/her, the Chairman of the Meeting, as *my/our proxy to attend and vote in *my/our name(s) on *my/our behalf at the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company to be held at Hotel Jen, Magazine Road, 10300 George Town, Pulau Pinang on Tuesday, 16 June 2026 at 10:00 a.m. or at any adjournment thereof.

* My/our proxy is to vote on the resolutions referred to in the Notice of the 26th AGM as indicated below: -

ORDINARY BUSINESS:			
Ordinary Resolution		For	Against
1	To approve the payment of a final dividend		
2	To re-elect YAB Tuan Chow Kon Yeow as Director		
3	To re-elect YB Dato' Dr. Mohamad bin Abdul Hamid as Director		
4	To re-elect YB Dato' Haji Zairi bin Haji Mat Ali as Director		
5	To re-elect YM Raja Azmi bin Raja Nazuddin as Director		
6	To re-elect YBhg. Dato' Ir. Sabri bin Abdul Mulok as Director		
7	To approve the benefits payable to the Directors		
8	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS:			
9	Proposed Renewal of Share Buy-Back Authority		
10	Mandate to retain YBhg. Dato' Brian Tan Guan Hooi as an Independent Non-Executive Director of the Company		

* Strike out whichever not applicable.

(Please indicate with an "X" in the appropriate box how you wish your proxy(ies) to vote. If no instruction is given, the proxy(ies) will vote or abstain at his/her/their discretion.)

Note : Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the **Notice of the 26th AGM** for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____, 2026.

Signature of Shareholder/Common Seal

Notes:

- (i) *In In respect of deposited securities, only members whose names appear on the Record of Depositors as at 5 June 2026 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the 26th AGM of the Company or to appoint proxy or proxies to attend, speak and vote on his/her behalf.*
- (ii) *A member entitled to participate, speak and vote at the 26th AGM of the Company may appoint not more than two (2) proxies or the Chairman as his/her proxy to participate, speak and vote in his/her stead, by indicating the voting instruction in the Form of Proxy:*
- (a) *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
- (b) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
- (c) *A proxy appointed by the member shall have the same rights as the member to participate, speak, and vote at the Meeting.*
- (iii) *In the case of a corporate member, the instrument appointing a proxy shall be in writing and must be either under its common seal or under the hand of its officer or attorney duly authorised.*
- (iv) *Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account which is credited with ordinary shares of the Company.*
- (v) *Where a member is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*

Please fold across the line and close


stamp

The Company Secretaries
PBA Holdings Bhd.
Registration No. 200001012513 (515119-U)

Level 32, KOMTAR, Penang Road,
10000 George Town,
Pulau Pinang, Malaysia

Please fold across the line and close

- (vi) *Where an authorised nominee or EAN appoints more than one (1) proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.*
- (vii) *The instrument appointing a proxy/proxies may be made in hardcopy form or by electronic means as follows: -*
- (a) *In hardcopy form*
The proxy form shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.
- (b) *By electronic means*
The proxy form may also be lodged electronically via email at infopbahb@pba.com.my.
- (viii) *All instruments appointing a proxy or representative and the duly registered power of attorney or other authority (if any), must be received by the Share Registrar of the Company not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof.*
- (ix) *A member is not precluded from attending the Meeting in person after lodging the instrument of proxy. If you have submitted your instrument appointing a proxy prior to the Meeting and subsequently wish to revoke your proxy appointment(s), you may deposit a written notice of termination of proxy authority in the following manners not less than forty-eight (48) hours before the time set for holding the 26th AGM or any adjournments thereof:*
- (a) *In hardcopy form*
The written notice shall be deposited at the Registered Office of the Company at Level 32, KOMTAR, Penang Road, 10000 George Town, Pulau Pinang.
- (b) *By electronic means*
The written notice may also be lodged electronically via email at infopbahb@pba.com.my.
- (x) *Any alteration to the instrument appointing a proxy must be initialed. The Company shall be entitled to reject an instrument of proxy that is incomplete, improperly completed, illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.*

- 
- Every year: Infrastructure maintenance, repairs & upgrades
 - 2025: Pilot Desalination Project
 - 2030: WCP 2030 (+602 MLD)
 - 2031: Perak-Penang Water Project (+300 - 500 MLD)

MLD: million litres/day

WATER SUPPLY ROAD MAP TOWARDS 2050

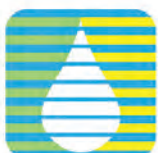
Whenever a Penang water consumer pays a water bill, he/she is paying for more than just clean water flowing from taps.

Every year, PBAPP spends millions of ringgit to maintain, repair and upgrade water supply infrastructure, including installations which are 50 – 100 years old. PBAPP is implementing 8 new water projects under its Water Contingency Plan 2030 (WCP 2030). We are working on a pilot project to explore the viability of desalinating sea water.

PBAPP is obliged to buy treated water from Perak to supply in Penang from 2031.

Looking ahead, PBAPP has a water supply road map in hand. However, every check-point on that map will incur a significant investment and additional expenditure.

It is a fact that future Penang water rates will be determined, to a large extent, by the volume of water Penangites choose to consume now and in the future.



PBA

Perbadanan Bekalan Air
Pulau Pinang Sdn Bhd
199901001061 (475961-X)

Memenuhi segala keperluan bekalan air anda

Meeting all your water supply needs

PENANG
2030



**24-HOUR
CUSTOMER CALL CENTRE
604-255 8 255**



Level 32, KOMTAR, Penang Road,
10000 George Town, Pulau Pinang, Malaysia.
PBAPP Call Centre (24 hours): 604-255 8 255
Email: infopbahb@pba.com.my
Website: www.pbahb.com.my