生命泉源集團

Life Water Berhad

202301002484 (1496403-W)

MALAYSIA 1st rPET BOTTLED WATER MANUFACTURER

AWARDED BY: THE MALAYSIA BOOK of RECORDS

ANNUAL REPORT **2025**

INSIDE THIS REPORT

2-16
Overview of Life Water

2 About Life Water
4 Our Beverages
6 Our Business Model
8 Awards & Recognitions
10 Key Milestones
12 In the News
14 Corporate Information
15 Corporate Structure
16 Financial Highlights

17-26
Leadership and Structure

17 Profile of Board of Directors
25 Profile of Key Senior Management

27-61
Key Messages

27 Chairman's Statement
32 Management Discussion & Analysis
40 Sustainability Statement

62-90
Corporate Governance

62 Corporate Governance Overview Statement
78 Statement on Risk Management and Internal Control
84 Audit and Risk Management Committee Report
88 Additional Compliance Information
90 Statement of Directors' Responsibility

91-145
Financial Statements

92 Directors' Report
98 Statement by Directors
98 Statutory Declaration
99 Independent Auditors' Report
102 Statements of Financial Position
103 Statements of Profit or Loss and Other Comprehensive Income
104 Consolidated Statement of Changes in Equity
106 Statement of Changes in Equity
107 Statements of Cash Flows
110 Notes to the Financial Statements

146-156
AGM Notice and Information

146 List of Properties
148 Analysis of Shareholdings
151 Notice of Second (2nd) Annual General Meeting
Proxy Form

ABOUT LIFE WATER

After years of continuous improvements, Life Water Berhad has now become a prominent player in the beverage manufacturing industry in Sabah. The company has always believed and persisted with the idea of

"Making Quality Beverages Affordable for Everyone"

PURPOSE

Making quality beverages affordable for everyone

MISSION

Continual improvement to stay competitive

VISION

A better life for all through shared goals and efforts

ABOUT LIFE WATER

CORE VALUES

Our core values, **Loving**, **Initiative**, **Fairness**, **Execute**, **Wealthy**, **Attitude**, **Team Work**, **Efficient** and **Respect** is the acronym for **LIFE WATER**. They define who we are.

They are one of the powerful tools guiding our important decisions and actions, giving us focus and clarity of things so that we do not lose sight of Life Water's vision, and bonding us strong as a united team to weather any challenges coming our way.

It is the go-to reference point in times of need of the right course of action to take.

Having core values is an equally helpful recruitment tool that summarizes what Life Water stands for to a potential Life Water employee.

OUR BEVERAGES

K2
Drinking Water

2MORE
Carbonated Drink

TRITONiC
Carbonated Isotonic Electrolyte Drink

SASA
Drinking Water

LEMONY
Carbonated Drink

kiTZAi
Calamansi Fruit Drink

TWININE
Sauces & Condiments

GREEN BOTTLE

MALAYSIA 1ST

rPET BOTTLED WATER MANUFACTURER

AWARDED BY
DIANUGERAH OLEH

THE MALAYSIA BOOK of RECORDS®

SUPPORTED BY:

rPET for our future MBWA

1/3
Smaller Label

Features
smaller label size

Atleast
42%
Less Plastic

Made with lesser plastic:
1500ml: Less 11%
500ml: Less 42.5%

PRODUK Sabah

LifeWater.K2 | k2.lifewater | www.lifewater.com.my

"Menghasilkan Minuman Berkualiti Dengan Harga Berpatutan"

OUR BUSINESS MODEL

Business Activities and Revenue Streams

Manufacture of Beverages, Sauces and condiments

- Drinking Water
- Carbonated drinks
- Sauces and condiments

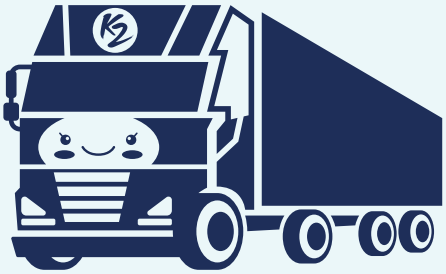
Other Products

Supporting Activities

Manufacture of plastic packaging

- Bottles
- Preforms
- Caps

Delivery services



Geographical Market and Operational Facilities

We have operational facilities in Sandakan, Kota Kinabalu, Lahad Datu and Keningau.

Sabah, Malaysia

OUR BUSINESS MODEL

Distribution Channel and Customer Base

Indirect Distribution

- Retailers
- Wholesalers
- Food service operators

Direct Distribution

- Hotels
- End consumers

Suppliers

Major Suppliers

- Public water utility company
- Plastic resin and preform suppliers
- Labelling and packaging materials suppliers
- Flavourings and food ingredients suppliers

AWARDS & RECOGNITIONS

2011

Winner (Category II) of the Sabah Industry Excellence Award 2010/2011
- Ministry of Industrial Development

2013

Sin Chew Business Excellence Award

SME Product Excellence Award 2013

Golden Eagle Award

2012

SMI Recognition Award

Winner of Excellence Brand 2012- The 11th Asia Pacific International Entrepreneur Excellence Award

Winner of Golden Bull Award 2012
- The 10th Malaysia 100 Outstanding SME

2014

Enterprise 50 Award

Sin Chew Business Excellence Awards
- Product and Service Excellence Award

AWARDS & RECOGNITIONS

2015

Sabah Industry Excellence Award SIEA

2017

Anugerah Majikan Terbaik

Anugerah Sumbangan Ikhlas

2019

Sabah Industry Excellence Award (SIEA 2018/2019) – Category IV (annual sales of RM25 million to RM100 million) awarded by Ministry of Industrial Development

Anugerah Kinabalu Pengiktirafan Alam Sekitar – Sumbangan Terhadap Program Kesedaran Alam Sekitar by Department of Environment

2022

"First RPET Bottled Water Manufacturer" awarded by the Malaysia Book of Records

2023

Sabah Industry Excellence Award (SIEA 2022/2023)

2024

Malaysia SMART MANUFACTURING AWARD 2023

KEY MILESTONES

2001-2002

- Promoters acquired Life Water Industries Sdn Bhd.
- Commenced operations at Sandakan Megah Plant producing 7 million litres annually under the "K2" brand.
- Began contract manufacturing for private-label customers.

2003-2006

- Expanded into carbonated drinks with the first line (3 million litres).
- Launched "K2" carbonated drinks
- Acquired land at Jalan Lintas Sibuga (Sandakan Sibuga Plant 1)

2008-2010

- Upgraded to semi-automated water line at Sandakan Megah Plant (29 million litres).
- Set-up distribution centres in Lahad Datu and Kota Kinabalu.
- Renovated and commissioned Sandakan Sibuga Plant 1, relocating carbonated drinks production there.
- Launched "Sasa" brand water to penetrate the Kota Kinabalu market.
- Expanded in Kota Kinabalu with KK IZ4 Plant (66m litres capacity).

2013-2016

- Added fully automated lines at Sandakan Sibuga Plant 1 (117 million litres).
- Launched isotonic "TRITONiC" and rebranded carbonated drinks as "2more".
- Completed another drinking water line at KK IZ4 Plant (104 million litres).

2018-2020

- Upgraded carbonated line to produce fruit drinks (kiTZAi).
- Secured private-label contracts with Shell ("Water2Go") and Petronas ("Mesra").
- Acquired 5 acres at KKIP Industrial Zone 8 for IZ8 Plant and commenced Phase 1 factory building and consolidated PET preform manufacturing.
- Launched "K2 Green Bottle", Malaysia's first bottled water with packaging made from 100% recycled Polyethylene Terephthalate ("rPET")

KEY MILESTONES

2021-2023

- Completed Phase 2 KK IZ8 Plant 1 (factory & water line), commissioning 134 million litre capacity.
- Installed injection moulding machine for in-house cap production.
- Expanded distribution with new warehouses in Lahad Datu and Sandakan.
- Acquired new lands in Tawau and Sandakan for distribution centre (Tawau DC) and Sibuga Plant 2. Acquired 8.16 acres at KKIP for IZ8 Plant 2.

2024

Listed on Bursa Malaysia Main Market on 13 November 2024, raising RM63.4 million to fund:

- New drinking water lines at Sandakan Sibuga Plant 1 and Plant 2;
- Expansion of existing packaging facilities at KK IZ8 Plant 1;
- Setup second distribution centre in Sandakan.

2025

- Commenced operation at Keningau Plant with a 59 million litre water line, improving distribution to Sabah's interior.
- Acquired Twinine Sdn Bhd (sauces & condiments manufacturer) for RM10.5 million, diversifying into fast-moving consumer goods ("FMCG").
- Commissioned additional water line at Sandakan Sibuga Plant 1 with 178 million litre capacity, strengthening supply resilience.
- Achieved capacity of 626 million litres water and 37 million litres carbonated drinks.

Our Homegrown Twinine Brand Sauces & Condiments continue to be Sabah Chefs' Top Choice since 1990.

IN THE NEWS

8 Nov 2024

Main Market-bound Life Water posts RM7.5 mil profit in 1Q2025

KUALA LUMPUR (Nov 8): Main Market-bound bottle water producer Life Water Bhd (KL:LWSABAH) booked a net profit of RM7.49 million on revenue of RM42.59 million for its first quarter ended Sept 30, 2024 (1Q2025).

Within the beverages segment, drinking water was the largest revenue contributor for the Sabah-based company, accounting for RM36.19 million, or 84.99% of total revenue.

Pre-tax profit stood at RM8.96 million, its filing showed, representing a pre-tax margin of 17.6%. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period.

Life Water's listing has been scheduled for Nov 13, at 65 sen per share, which values the group with a market capitalisation of RM307.57 million.

On 2 July 2024, the group declared an interim single tier dividend of RM0.597 per ordinary share amounting to RM4 million in respect of the financial year ended June 30, 2024 (FYE 2024).

Operationally, the group is on track to enhance its production capacity with the commissioning of the new Keningau drinking water manufacturing plant, scheduled to begin operations in December 2024.

Once operational, the plant will increase the group's total production capacity to 448 million litres annually, from its existing output of 389 million litres for drinking water and 37 million litres of carbonated drinks across three plants in Sabah.

Life Water markets its products under brands like 'K2', 'Sasa', 'Sabah Water' (drinking water), as well as '2more' and 'TRITONiC' (carbonated drinks).

The group also manufactures private-label drinking water for petrol stations, hypermarkets, wholesalers and hotels. Aside from beverages, Life Water also sells plastic bottles, containers and battery water.

10 Oct 2024

Life Water surges 44.6% on maiden trading day

(From left) Life Water ED Chin Lee Ling, MD Liaw Hen Kong, MIDF Investment deputy CEO Datuk Seri Nur Julie Gwee Ariff and Life Water financial controller Christina Yap

The firm specialises in the production and distribution of drinking water and carbonated beverages, primarily serving Sabah market

LIFE Water Bhd, a local beverage manufacturer, entered into an underwriting agreement with MIDF Amanah Investment Bank Bhd (MIDF Investment) on Oct 1 in preparation for the company's IPO on the Main Market of the local bourse.

The IPO involves a public issue of 97.56 million new ordinary shares and an offer for sale of 28.39 million existing shares.

Of the 97.56 million new shares, 23.66 million will be made available for application by the Malaysian public, 14.19 million for eligible directors, employees and contributors to the company's success, 560,000 via private placement to selected investors and 59.15 million via private placement to identified Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

According to the underwriting agreement, MIDF Investment will underwrite 37.85 million shares, covering the portions allocated to the Malaysian public and eligible directors, employees and contributors.

Headquartered in Sandakan, Life Water specialises in the production and distribution of drinking water and carbonated beverages, primarily serving the Sabah market.

The company's operations are supported by in-house plastic packaging production, enhancing overall efficiency.

Life Water operates production facilities in Sandakan and Kota Kinabalu, with distribution centres in Sandakan, Kota Kinabalu and Lahad Datu to ensure efficient delivery across the region.

Life Water's home-grown brands include K2, Sasa and Sabah Water for drinking water, as well as 2more and TRITONiC for carbonated drinks.
Additionally, the company provides contract manufacturing services for private-label drinking water for petrol stations, hypermarkets, wholesalers and hotels.

Proceeds from the IPO will be allocated for business expansion, working capital and listing expenses. Planned initiatives include acquiring a new water production line for Sandakan Sibuga Plant 1; constructing Sandakan Sibuga Plant 2, which will feature a 50,000 sq ft facility with both factory and office spaces; and enhancing plastic packaging facilities in Kota Kinabalu.

Furthermore, the company plans to establish a second distribution centre in Sandakan with a depot for delivery trucks, as the current warehousing space is fully utilised.

"The proceeds from the IPO will enable us to accelerate our expansion plans, including upgrading our production capabilities and enhancing our distribution network, all while supporting our growing operations across Sabah," said Life Water co-founder and MD Liaw Hen Kong in a statement.

"This marks an exciting chapter for Life Water as we strengthen our position in the beverage industry and continue to provide quality beverages at affordable prices to our customers," he added.

MIDF Investment serves as the principal advisor, underwriter and placement agent for Life Water's IPO. **— TMR**

13 Nov 2024

Life Water, MIDF Investment ink underwriting deal for IPO

(From left) Life Water Bhd senior directors Tan Hwong Kuen and Lim Young Piau, executive director Chin Lee Ling, managing director Liaw Hen Kong, chairman Datuk Petrus Gimbad and financial controller Christina Yap during the listing ceremony of the Sabah-based beverage manufacturer on the Main Market of Bursa Malaysia on Wednesday. (Photo by Zahid Izzani/The Edge)

KUALA LUMPUR (Nov 13): Sabah-based beverage manufacturer Life Water Bhd (KL:LWSABAH) made a strong debut on Bursa Malaysia's Main Market on Wednesday, closing 44.6% higher at 94 sen or up 29 sen from its initial public offering (IPO) price of 65 sen.

The counter opened at 77 sen and climbed to an intraday high of 94 sen, marking a 22% increase during the trading session, after 233.41 million shares were traded, making it the most actively traded stock of the day.

Demand for Life Water shares was strong ahead of the listing, with the public portion of the IPO oversubscribed by some 32 times. Shares set aside for subscription by eligible persons were also fully taken up, and so were the shares for identified Bumiputera investors through private placement.

Also fully taken up were new shares the company wanted to place to selected investors, as well as the tranche of existing shares offered by placement.

Life Water primarily manufactures beverages, including drinking water and carbonated drinks, and is also involved in plastic packaging production, delivery, and distribution services, with main operations in Sabah.

At the closing price of 94 sen, Life Water had a market capitalisation of RM444.79 million, based on its 473.18 million issued shares post-listing. The stock is valued at a price-to-earnings ratio of about 16 times, based on its profit after tax of RM28.1 million for the financial year ended June 30, 2024 (FYE 2024).

The sale of new shares raised RM63.4 million, which will be allocated towards several projects, including a new drinking water manufacturing line at Sandakan Sibuga Plant 1, another line at Sandakan Sibuga Plant 2, and a second distribution centre in Sandakan.

Life Water also plans to expand its plastic packaging facilities in Kota Kinabalu with the IPO proceeds, finance working capital, and defray listing expenses.

Strategic plant distribution to counter supply disruption

The company currently depends on only one single source of public water supply.

To counter potential disruption of water supply, the company said it has four manufacturing facilities spread across the state, while maintaining a minimum seven-day stock of water, managing director Liaw Hen Kong said during a conference after the listing ceremony here.

The company has more than 75 delivery trucks and external logistics partners to ensure timely distribution even to remote areas, he noted.

Life Water currently has three manufacturing plants producing up to 389 million litres of drinking water and 37 million litres of carbonated drinks and fruits. The new plant in Keningau to be operational by year end will increase the annual capacity to 448 million litres of drinking water.

Liaw highlighted that Plant 2 in Kota Kinabalu Industrial Zone 8, slated for completion in 2027, will introduce advanced manufacturing processes and expand the company's packaging capabilities.

Further, Life Water aims to deepen its market penetration into Sarawak and Brunei by appointing local distributor agents. The company's strategy includes a new warehouse facility in Tawau, located near the Kalimantan border, to tap into the growing demand in East Malaysia and beyond, he said.

Liaw added that the company's recent automation initiatives had mitigated the impact of an increase in wages.

IN THE NEWS

2 Jan 2025

Life Water to stamp its mark in beverage market

PETALING JAYA: Founded in Sandakan in 2002 with just one factory producing 6,000 cartons of bottled water monthly, Life Water Bhd has grown into a beverage giant.

The company, which was recently listed on the Main Market of Bursa Malaysia, now boasts four factories and eight warehouses across Sabah.

It holds an 11% share of Malaysia's bottled water market, producing about 1.7 million cartons a month. Life Water plans to use about 84% of its initial public offering (IPO) proceeds for a new phase of growth and expansion. With its headquarters still in Sandakan, Life Water operates plants in Kota Kinabalu and Lahad Datu.

Its newest factory in Keningau is set to begin operations in January, adding 59 million litres to its current annual production capacity of 389 million litres.

By 2027, the company expects to more than double its output to 804 million litres following new facilities and upgraded production lines.

Managing director Liaw Hen Kong told StarBiz plans are underway to expand deeper into Sarawak through a distributorship model, enabling faster penetration without heavy investments.

"Sabah remains our core market, but Sarawak offers tremendous potential. We plan to work closely with well-known distributors in Kuching to reach more consumers. We believe that at this juncture, it (distributorship model) is the most effective model to run as it does not require significant capital expenditure whilst providing us direct access into the market."

Liaw said Sabah's rising tourism and population growth will spur demand for convenient and clean drinking water, especially in rural and island communities where access to piped water is limited.

For instance, he said Sabah welcomed 2.41 million tourists in the first nine months of 2024, a 28.3% increase from the previous year. According to Liaw , operational efficiencies remains an area of focus given the rising costs.

"By improving internal processes and scaling production, we ensure bottled water remains affordable," Liaw said.

The company also has a presence in both upstream and downstream – from sourcing raw materials to producing its own plastic packaging, bottling, and marketing, he added.

Life Water currently operates a fleet of 75 trucks and collaborates with external logistics partners to ensure efficient distribution, even in rural and remote regions like Tawau where it holds a 10% to 20% market share.

It plans to acquire another eight to 15 trucks in 2025.

On challenges, he said accessibility to piped water in households isn't as straightforward in Sabah.

"Many communities, such as islanders and kampung residents, face inconsistent water supply.

It is also setting up a new production line at Sibuga Plant 1 in Sandakan, which is targeted to begin operations in the near future.

Another plant in the pipeline is the Sibuga Plant 2, spanning 50,000 sq ft. It will have one production line to serve the Sandakan and Tawau divisions. This project will be funded through a mix of IPO proceeds and internal or bank funds and is expected to be completed by 2027.

Life Water also plans to convert its Kota Kinabalu Industrial Zone 8 Plant 1 into a dedicated plastic packaging plant. An automated warehouse racking system and purchasing a PET pre-form injection moulding machine be installed to support future production. The company will proceeds from the IPO to fund this project, which is targeted for completion by 2025.

"These initiatives are expected to increase our annual production capacity from 389 million liters to 804 million liters by 2027.

"The expansion will also improve operational efficiencies and support our overall growth trajectory, ensuring we remain competitive and well-positioned to capture new opportunities in the region," Liaw added.

Bottled water makes up 80% of Life Water's business, with retailers accounting for more than 40%, wholesalers contributing around 20%, while hotels and end consumers together representing the remaining portion. Currently, the company operates at 75% to 80% of its production capacity, running on two shifts.

With local expertise, strategic growth plans, and sustainable practices, Liaw said Life Water aims to continue quenching Sabah's thirst for years to come.

23 Jan 2025

Life Water wants to work with Sabah Tourism Board

STB chairman Datuk Joniston Bangkuai with Life Water Berhad chairman Datuk Petrus Gimbad (centre). Also present from left to right) are Life Water executive director Chin Lee Ling, its managing director Liaw Hen Kong, and STB marketing manager Bobby Alex.

Kota Kinabalu: Homegrown public-listed company Life Water Berhad has proposed a potential collaboration with the Sabah Tourism Board (STB) to promote Sabah through its products.

During a courtesy call with STB Chairman Datuk Joniston Bangkuai on Wednesday, Life Water expressed interest in featuring Sabah's elements of culture, nature, and adventure on its beverage packaging.

This initiative aims to integrate tourism promotion into everyday consumer products to create greater visibility for the state.

Led by its Chairman, Datuk Petrus Gimbad, Life Water also planned to work with local communities to promote community-based tourism initiatives and produce videos to showcase Sabah's iconic tourism spots.

Present during the meeting were Life Water managing director Liaw Hen Kong, its executive director Chin Lee Ling, and STB marketing manager Bobby Alex.

Life Water, one of Malaysia's top three mineral water producers, markets its products, including K2 mineral water and carbonated drinks, throughout Sabah, Sarawak, and Brunei.

Welcoming the proposal, Joniston described it as a creative way to align with the ongoing Explore Sabah campaign, which highlights the state's unique offerings in culture, adventure, and nature.

He emphasised that partnerships like this are key to amplifying promotional efforts and enhancing Sabah's visibility as a must-visit destination, particularly in conjunction with Visit Malaysia 2026.

"STB is open to collaborations with the private sector that contribute to the growth of tourism and bring broader benefits to the state," Joniston said.

He added that such initiatives showcase how private businesses can play a valuable role in supporting local tourism and fostering awareness of Sabah's unique attractions.

20 Jan 2025

Life Water expands operation to Keningau

(From left to right): Life Water operations manager Chin Lee Yung @ Rina Chin, Liaw, Life Water executive director Chin Lee Ling and Life Water financial controller Christina Yap.

KOTA KINABALU (Jan 20): Life Water Berhad (Life Water) has commenced operations at its new Keningau plant, marking a significant milestone in its expansion strategy.

With an annual production capacity of 59 million liters, the new facility increases Life Water's total production capacity to 448 million liters per year, representing a 15 percent increase from the previous capacity of 389 million liters.

Located strategically to serve Sabah's interior regions, the Keningau plant will improve access to Life Water's products, enhance supply chain efficiency and reduce logistical costs, ensuring more reliable deliveries to remote areas.

This development reflects Life Water's ongoing commitment to strengthening its operations and market presence post-listing.

A key component supporting the Keningau plant's operations is the addition of two PET Preform Injection machines, which will be installed at one of Life Water's current manufacturing facilities, KK IZ8 Plant 1.

Partially funded by the Initial Public Offering (IPO) proceeds, the first unit is expected to begin operations by the first quarter of 2025, with the second unit scheduled for operation in the second half of 2025.

This advanced machine is designed to cater to the future production needs of Keningau and Sandakan plants.

By streamlining bottle production and enhancing operational efficiency, the machine will play a crucial role in ensuring a consistent supply of high-quality preforms, supporting the company's production growth in line with its stated use of proceeds.

Life Water managing director Liaw Hen Kong said the commencement of operations at their Keningau plant represents not only a corporate achievement but also a meaningful contribution to the development of Sabah's economy and its communities.

Liaw said situated in a less developed region, the plant strengthens local supply networks, fosters growth in secondary industries and enhances regional economic stability.

"By creating local job opportunities and collaborating with community suppliers, we are empowering the region and contributing to sustainable progress.

"This milestone also positions us to further enhance Life Water's market share and penetration by addressing growing demand with greater efficiency.

"It reflects our strategic vision post-listing, as we continue to invest in advanced technologies, expand production capacity and maintain our competitive edge.

"We look forward to continued progress as we implement further innovations and expansions to meet Malaysia's growing needs," he said in a statement.

In line with its post-listing expansion, Life Water is exploring further growth opportunities across Sabah and other regions to meet increasing demand and support long-term objectives.

Additionally, the company is working towards completing its Tawau Distribution Center which employs optimized logistics and ensures efficient deliveries across the region.

Reflecting its commitment to sustainability, the company has already installed solar systems at its Sandakan facility and KKIP IZ8 Plant Phase 1, paving the way for greener operations.

Building on this initiative, the company is now planning an additional Self-Consumption Rooftop Solar Photovoltaic (SELCO) system at its IZ8 Plant Phase 2 facility in Kota Kinabalu Industrial Park (KKIP).

The 410 kiloWatt peak (kWp) system is expected to generate approximately 700,000 kiloWTt hour (kWh) of energy annually, reducing the facility's carbon footprint by 400,000 kilogrammes annually.

The system is slated for completion by the second half of 2025.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Petrus Gimbad	(Independent Non-Executive Chairman)
Liaw Hen Kong	(Managing Director)
Chin Lee Ling	(Executive Director)
Tan Hwong Kuen	(Non-Independent Non-Executive Senior Director)
Lim Young Piau	(Non-Independent Non-Executive Senior Director)
Ang Seng Wong	(Independent Non-Executive Director)
Tan Mui Ping	(Independent Non-Executive Director)
Selma Enolil Binti Mustapha Khalil	(Independent Non-Executive Director)

Audit & Risk Management Committee

Tan Mui Ping (Chairperson)
Ang Seng Wong (Member)
Selma Enolil Binti Mustapha Khalil (Member)

Nomination Committee

Selma Enolil Binti Mustapha Khalil (Chairperson)
Ang Seng Wong (Member)
Tan Hwong Kuen (Member)

Remuneration Committee

Ang Seng Wong (Chairman)
Tan Mui Ping (Member)
Lim Young Piau (Member)

Company Secretaries

Lim Lih Chau
Licence No.: LS0010105
SSM PC No.: 201908001454

Yeow Sze Min
MAICSA No.: 7065735
SSM PC No.: 201908003120

Registered Office

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar
Damansara, Damansara Heights,
50490 Kuala Lumpur, Wilayah
Persekutuan, Malaysia
+603-2084 9000
+603-2094 9940
info@sshsb.com.my

Head Office

CL075356375 & CL075356366
Batu 8, Jalan Lintas Sibuga,
90000 Sandakan, Sabah
+6089-675 778
+6089-675 833
info@lifewater.com.my

Share Registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar
Damansara, Damansara Heights,
50490 Kuala Lumpur, Wilayah
Persekutuan, Malaysia
+603-2084 9000
+603-2094 9940
info@sshsb.com.my

Auditors

BDO PLT
Level 8, BDO @ Menara CenTARa,
360 Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur,
Wilayah Persekutuan
+603-2616 3055
+603-2616 3190

Principal Bankers

Malaysian Industrial Development Finance Berhad
Maybank Islamic Berhad
Public Bank Berhad
Hong Leong Bank Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name: LWSABAH
Stock Code: 5328

Website

www.lifewater.com.my

CORPORATE STRUCTURE

生命泉源集團 202301002484 (1496403-W)
Life Water Berhad

100%
Life Water Industries Sdn Bhd
(Registration No. 199701014984 (430481-P))

100%
Life Water Marketing Sdn Bhd
(Registration No. 200701027403 (785425-P))

100%
Green Borneo Industries Sdn Bhd
(Registration No. 201001016886 (900589-H))

100%
K2 Water Sdn Bhd
(Registration No. 201401042504 (1118672-P))

100%
Twinine Sdn Bhd
(Registration No. 199001018508 (210177-H))

100%
Syarikat Maju Sasa Sdn Bhd
(Registration No. 200701027401 (785423-D))

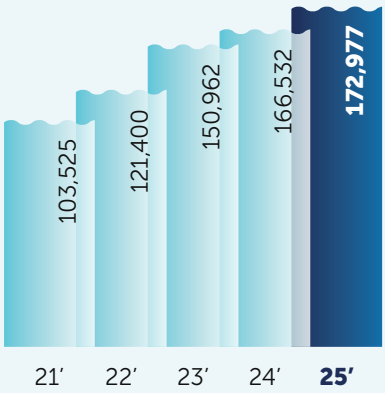
100%
Syarikat Rasa Kool Sdn Bhd
(Registration No. 200701027404 (785426-M))

100%
Cyplast Industries Sdn Bhd
(Registration No. 202201008736 (1454433-D))

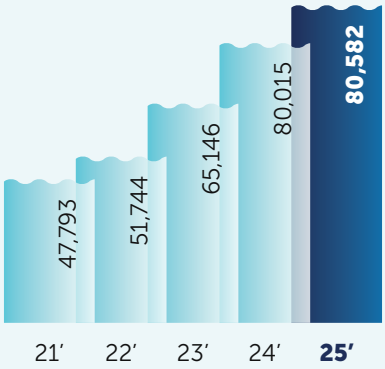
FINANCIAL HIGHLIGHTS

	Unit	FYE2021	FYE2022	FYE2023	FYE2024	FYE2025
Revenue	RM'000	103,525	121,400	150,962	166,532	**172,977**
Cost of sales	RM'000	55,732	69,656	85,816	86,517	**92,395**
Gross Profit ("GP")	RM'000	47,793	51,744	65,146	80,015	**80,582**
Profit Before Tax ("PBT")	RM'000	19,032	17,584	24,233	36,553	**35,025**
Profit After Tax ("PAT")	RM'000	17,661	15,737	20,621	28,121	**30,022**
GP margin	%	46.17	42.62	43.15	48.05	**46.58**
PBT margin	%	18.38	14.48	16.05	21.95	**20.25**
PAT margin	%	17.06	12.96	13.66	16.89	**17.36**
Gearing ratio	Times	0.80	0.96	0.73	0.88	**0.51**
Net gearing ratio	Times	0.44	0.67	0.43	0.49	**0.06**
Current ratio	Times	2.38	1.93	2.68	3.26	**4.30**

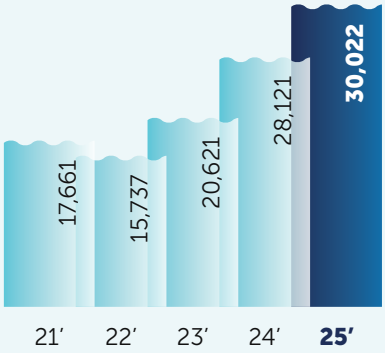
REVENUE
(RM'000)



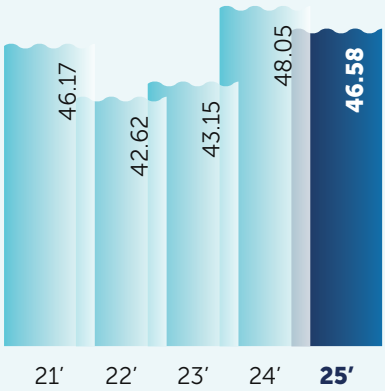
GP
(RM'000)



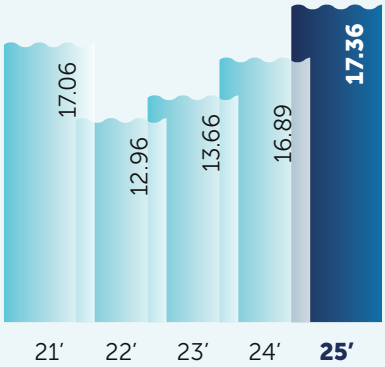
PAT
(RM'000)



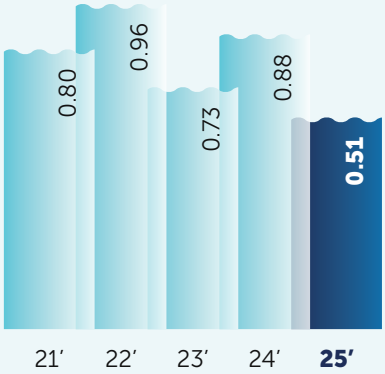
GP MARGIN
(%)



PAT MARGIN
(%)



GEARING RATIO
(Times)



PROFILE OF BOARD OF DIRECTORS

DATUK PETRUS GIMBAD

Independent Non-Executive Chairman

Malaysian | 69 y/o | Male

Date of Appointment:
27 November 2023

Membership of Board Committees:
-

Datuk Petrus Gimbad, a Malaysian, male, aged 69, is our Independent Non-Executive Chairman. He was appointed to our Board of Directors ("**Board**") on 27 November 2023.

He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of The Chartered Association of Certified Accountants ('**ACCA**'). He has a Master of Business Administration from The University of Bath and a Master of Advanced Business Practice from University of South Australia. He also has a Postgraduate Diploma in Systems Thinking in Practice and Certificates in Managing for Sustainability, Institutional Development and Conflict and Development from The Open University in Milton Keynes, United Kingdom.

He began his career at Petroliam Nasional Berhad ("**PETRONAS**") in July 1981 and stayed until end December 1987. He started as a Production Sharing Contract Auditor in July 1981. And, was later seconded to Malaysia LNG Sdn Bhd as a Financial Accountant before returning to PETRONAS as Group Budget Accountant.

In January 1988, he embarked on his professional career with Ernst & Whinney (now known as Ernst & Young) ("**EY**") as an Audit Senior. He was admitted to partnership in January 1997. In November 2007, he was posted to EY Vietnam office to lead the advisory practice which covers the Indochina area of Vietnam, Laos and Cambodia. He retired from his position as the Partner of EY in June 2009 after over 20 years with the firm. During his tenure in EY, he was involved in external and internal audits, consultancy and advisory practice where he was mainly involved in corporate finance matters, privatisation, corporate listing, corporate restructuring, fraud investigation, risk advisory and strategy development.

After retirement from EY, he was appointed to the Board of Energy Commission Malaysia from September 2014 to August 2018. He had also sat on other Boards such as Yayasan Inovasi Malaysia, Kwantas Corporation Berhad and a not for profit organization, Good Shepherd Services.

He presently sits on the board of directors of Inland Revenue Board of Malaysia (since September 2022), CPS Tower Sdn Bhd (since November 2007) and Sabah Electricity Sdn Bhd (since July 2023).

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporation.

He does not have any family relationship with any of our Directors and/or major shareholders.

PROFILE OF BOARD OF DIRECTORS

LIAW HEN KONG

Managing Director

Malaysian | **54 y/o** | **Male**

Date of Appointment:
27 November 2023

Membership of Board Committees:
-

Liaw Hen Kong, a Malaysian, male, aged 54, is our Managing Director. He was appointed to our Board on 27 November 2023, and is primarily responsible for piloting the overall strategic direction as well as formulating the business growth and development of our Group.

He graduated with a Diploma in Business Studies from Systematic Business Training Centre (now known as SEGi University and Colleges) in 1991 and completed the London Chamber of Commerce and Industry (LCCI) course in the same year. He graduated from the professional examination of the Association of Chartered Certified Accountants ("**ACCA**") in May 1998.

He began his career in January 1995 with an audit firm, Mohamed Yeng & Co as an Audit Assistant handling audit and accounting matters. He left Mohamed Yeng & Co at the end of 1996 and subsequently joined Arthur Andersen & Co, in February 1997 as a Staff Assistant handling audit and tax matters. In early 2000, he left Arthur Andersen & Co to change his career direction, as he decided to set up his own drinking water trading business with his own truck covering the East Coast of Sabah.

Lack of access to clean drinking water in Sabah has led him to invest in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries in August 2001, a position he still presently assumes.

On the social front, he is currently serving as the Chairman of the Malaysian Plastics Manufacturers Association Sabah Branch (since May 2018).

In November 2018, he received the Illustrious Order of Kinabalu (Darjah Yang Amat Mulia Kinabalu) for rendering meritorious and outstanding services to Sabah for his contribution to the community for corporate social responsibility activities in Sabah.

Besides being our Managing Director, he also presently holds directorship in all of our Subsidiaries.

He is the spouse of Chin Lee Ling, our Executive Director and has family relationship with Chin Chun Ming (brother-in-law), our Technical Manager and Chin Lee Yung @ Rina Chin (sister-in-law), our Operations Manager.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporation. Mr. Liaw also serves as Chairman of the Federation of Malaysia Manufacturing (FMM), Sabah Branch since October 2024 and was appointed as a member of the Board of PERKESO, representing Employers (Sabah). His term as member of the Board took effect from 1st August 2025 and ends on 31st July 2027.

PROFILE OF BOARD OF DIRECTORS

CHIN LEE LING

Executive Director

Malaysian | 53 y/o | Female

Date of Appointment:
27 November 2023

Membership of Board Committees:
-

Chin Lee Ling, a Malaysian, female, aged 53, is our Executive Director. She was appointed to our Board on 27 November 2023, and is primarily responsible for overseeing the human resources department, product development, branding and marketing activities, and IT department of our Group.

She graduated with a National Computing Centre (United Kingdom) International Diploma in Computer Studies from Informatics Institute in March 1992. She then completed the London Chamber of Commerce and Industry (LCCI) course in 1993 and the professional examination of the ACCA in 1998.

She began her career in February 1997 with Incaplas (Malaysia) Sdn Bhd at the Petaling Jaya office, a company principally involved in manufacturing of plastic products, as an Accounts Assistant and was subsequently promoted to the position of Accounts Executive in October 1997. As part of the accounting team, she was tasked with various accounting functions including preparation of monthly financial statements, monitoring daily cash-flow, and participating in quarterly physical stock counts. She left the company at the end of 1997 to return to Sabah.

Upon returning to Sabah, she took up a few part-time jobs engaging in accounting and administration functions prior to joining Yu Kien Sdn Bhd, the then manufacturer of drinking water in Sabah, as an Account Executive in mid-1998. During her tenure with the company, she was responsible for overseeing the accounting team and human resources team as well as managing the overall business operations, including procurement, production planning, supervision of production line, credit control, preparation of monthly management accounts and monitoring daily cash flow.

Lack of access to clean drinking water in Sabah has led her to invest in Life Water Industries, a company engaged in the marketing of drinking water treatment products which had been inactive and suspended business operations then, together with the other 3 Promoters in 2001. She was appointed as a director of Life Water Industries in August 2001, a position she still presently assumes.

In addition to her executive responsibilities, she spearheads our Group's green initiatives and Environmental, Social and Governance (ESG) activities, with a focus on sustainable product development, responsible resource use, and community-oriented programmes.

Besides being our Executive Director, she also presently holds directorship in all of our Subsidiaries.

She is the spouse of Liaw Hen Kong, our Managing Director, and has family relationship with Chin Chun Ming (brother), our Technical Manager and Chin Lee Yung @ Rina Chin (sister), our Operations Manager.

Save for her directorship of the Company, she does not hold any other directorship in public companies and listed corporation.

PROFILE OF BOARD OF DIRECTORS

TAN HWONG KUEN

Non-Independent Non-Executive Senior Director

Malaysian | **53 y/o** | **Male**

Date of Appointment:
27 November 2023

Membership of Board Committees:
- Member of Nomination Committee

Tan Hwong Kuen, a Malaysian, male, aged 53, is our Non-Independent Non-Executive Senior Director. He was appointed to our Board on 27 November 2023.

He graduated with an Advanced Diploma in Computer Studies from Informatics Institute in June 1993.

In June 1994, he joined his family company, Multihope Enterprise Sdn Bhd, a company principally involved in the trading of scrap metal and used vehicle parts, as a Supervisor, overseeing the day-to-day business operations. In December 1994, he was appointed as a director of Multihope Enterprise Sdn Bhd, a position he still presently assumes.

He invested in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries without any executive role in August 2001, a position he still presently assumes.

He is the Secretary General of Sabah Scrap Metals Recycle Association since April 2008.

Besides being our Non-Independent Non-Executive Senior Director, he also presently holds directorship in all of our Subsidiaries.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporation.

He does not have any family relationship with any of our Directors and/or major shareholders.

PROFILE OF BOARD OF DIRECTORS

LIM YOUNG PIAU

Non-Independent Non-Executive Senior Director

Malaysian | 53 y/o | Male

Date of Appointment:
27 November 2023

Membership of Board Committees:
- Member of Remuneration Committee

Lim Young Piau, a Malaysian, male, aged 53, is our Non-Independent Non-Executive Senior Director. He was appointed to our Board on 27 November 2023.

He attended Kian Kok Middle School from 1985 to 1990.

In January 1992, he joined his family business, Hong Seng Cold Storage, a partnership principally involved in the wholesale and retail of frozen foodstuffs where he was responsible for overseeing the overall operations of the business. As the family business grows and expands, he incorporated Hong Seng Importer & Exporter Sdn Bhd with his family members in January 2004 to assume all the businesses and assets of Hong Seng Cold Storage. He was appointed as a director of Hong Seng Importer & Exporter Sdn Bhd in January 2004, a position he still presently assumes.

He invested in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries without any executive role in July 2011, a position he still presently assumes.

Besides being our Non-Independent Non-Executive Senior Director, he also presently holds directorship in all of our Subsidiaries.

Save for his directorship of the Company, he does not hold any other directorship in public companies and listed corporation.

He does not have any family relationship with any of our Directors and/or major shareholders.

PROFILE OF BOARD OF DIRECTORS

ANG SENG WONG

Independent Non-Executive Director

Malaysian | **63 y/o** | **Male**

Date of Appointment:
27 November 2023

Membership of Board Committees:
- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Nomination Committee

Ang Seng Wong, a Malaysian, male, aged 63, is our Independent Non-Executive Director. He was appointed to our Board of Directors on 27 November 2023. In his education, he holds a Bachelor of Arts in Sociology and a Bachelor of Business in Banking and Finance from Chisholm Institute of Technology (now known as Monash University) in Melbourne, Australia. He also earned a Master of Business Administration (MBA) from Cardiff Metropolitan University in the United Kingdom. Professionally, he is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA), as well as a Fellow of the Institute of Corporate Directors Malaysia.

Mr. Ang began his career as an accountant in Melbourne, Australia, in 1985. Upon returning to Malaysia in 1989, he held several key leadership roles, including Finance Director for a Taiwanese electronics firm, Executive Representative for China Investment & Development Co. Ltd., and Corporate Affairs Manager at NCK Corporation Bhd. He was later appointed General Manager and Executive Director of Astral Supreme Bhd.

Over the course of his career, Mr. Ang has accumulated extensive senior management experience both in Malaysia and internationally. In addition, he has delivered both public and in-house training programs for prominent organisation such as Petronas, Telekom, NEC Corporation of Malaysia Sdn. Bhd., Maxis, DRB-Hicom, Pantai Group, Columbia Hospital, MISC Berhad, Sabic Innovative Plastics (M) Sdn. Bhd. etc. across Malaysia, Singapore, Thailand and Philippines. He is an accredited trainer with the Human Resources Development Corporation (HRD Corp) and has lectured in postgraduate programs for institutions including the University of Gloucestershire, London Examination Board, Universiti Teknologi Malaysia, Universiti Malaysia Pahang, Asia e University (AEU), Universiti Sains Malaysia, and Genovasi University College.

He is currently the Independent Non-Executive Chairman of CPE Technology Berhad and Independent Non-Executive Chairman of Infoline Tec Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

He has no family relationship with any Director and/or major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS

TAN MUI PING

Independent Non-Executive Director

Malaysian | 49 y/o | Female

Date of Appointment:
27 November 2023

Membership of Board Committees:
- Chairperson of Audit and Risk Management Committee
- Member of Remuneration Committee

Tan Mui Ping, a Malaysian, female, aged 49, is our Independent Non-Executive Director. She was appointed to our Board on 27 November 2023.

She obtained a certification for the ACCA in February 1999. She became a Member of ACCA in April 2001 and was subsequently made a Fellow Member of ACCA in April 2006. She is also a member of the Malaysian Institute of Accountants since December 2001, a registered company secretary with the SSM since February 2020 as well as a member of the Institute of Corporate Directors Malaysia since January 2022.

She has more than 20 years of experience in senior finance roles which cover the areas of corporate finance, investment analysis, business development partnering and investment feasibility study, and group finance matters, treasury and tax planning.

She began her career in Shamsir Jasani Grant Thornton (now known as Grant Thornton Malaysia PLT) in 1998.

In 2001, she joined Wah Seong Corporation Berhad (currently known as Wasco Berhad) as an Accountant where, she was responsible for the group reporting and corporate finance functions. She was also involved in the listing exercise of Wah Seong Corporation Berhad.

In 2003 she joined Edaran Otomobil Nasional Berhad as a Manager - Group Finance where she was responsible for the group finance matters, corporate finance and tax planning as well as involved in its business transformation program.

In 2007, she joined Advance Synergy Berhad ("**ASB**") as Finance Manager (function as Head of Finance). During her tenure with ASB, she was involved in various corporate exercises including fund raising, acquisitions and disposals as well as privatization and delisting exercise.

In 2012, she joined Weida (M) Bhd ("**Weida**") as a Senior Manager of the Corporate Department. She was promoted to the position of General Manager in the Group Managing Director's office in 2014 and was subsequently redesignated as Financial Advisor to Group Executive Chairman in 2023, a position she assumes to present date. Throughout her tenure with Weida, she supports the Group Executive Chairman and works closely with other team members and strategic partners on Group Executive Chairman related tasks and projects. Her responsibilities include business development partnering, investment feasibility study, corporate finance, group finance matter, treasury, group tax planning and support the senior management in investors' relations activities. She was also the acting Financial Controller of Weida's property development division from 2013 to 2016.

She is currently the Independent Non-Executive Director of Evergreen Fibreboard Berhad and Infoline Tec Group Berhad, both are listed on the Main Market of Bursa Securities. She is also the Independent Non-Executive Director of Oasis Home Holdings Berhad, and A1 A.K. Koh Group Berhad, both are listed on the ACE Market of Bursa Securities.

She does not have any family relationship with any of our Directors and/or major shareholders.

PROFILE OF BOARD OF DIRECTORS

SELMA ENOLIL BINTI MUSTAPHA KHALIL

Independent Non-Executive Director

Malaysian | **54 y/o** | **Female**

Date of Appointment:
27 November 2023

Membership of Board Committees:
- Chairperson of Nomination Committee
- Member of Audit and Risk Management Committee

Selma Enolil Binti Mustapha Khalil, a Malaysian, female, aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 27 November 2023.

She graduated from University of Wales, Aberystwyth (now known as University of Aberystwyth) with a Bachelor of Laws in July 1994. She obtained her Certificate in Legal Practice in December 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in November 1996. She brings with her over 28 years of experience in the legal profession and her key area of practice currently is corporate and commercial law.

In December 1996, she started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari. In October 1998, she left Messrs Abu Talib Shahrom & Zahari and joined TNB Repair and Maintenance Sdn Bhd ("**TNB Remaco**") as a Legal Executive and was involved in legal advisory and contract review. TNB Remaco is a subsidiary of TNB, a company listed on the Main Market of Bursa Securities. She left TNB Remaco in June 2000 and resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong (now known as Messrs Raslan Loong, Shen & Eow) in July 2000. She left the firm in August 2003 and co-founded Messrs Enolil Loo, Advocates and Solicitors in September 2003, in which she is currently a Partner.

She presently sits on the board of directors of Techbond Group Berhad (since January 2018), Selangor Dredging Berhad (since December 2018), Powerwell Holdings Berhad (since January 2019) and Unique Fire Holdings Berhad (since October 2021) as an independent non-executive director. Techbond Group Berhad, Selangor Dredging Berhad and Unique Fire Holdings Berhad are listed on the Main Market of Bursa Securities, while Powerwell Holdings Berhad is listed on the ACE Market of Bursa Securities.

She does not have any family relationship with any of our Directors and/or major shareholders.

NOTES:

Attendance of Board Meetings
The attendance of the Directors at Board Meetings held during the financial year ended 30 June 2025 is disclosed in the Corporate Governance Overview Statement on page 70.

Conflict of Interest and Potential Conflict of Interest
None of the Directors has any conflict of interest and potential conflict of interest with the Company.

Conviction for Offences
Other than traffic offences, if any, the Directors have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2025.

PROFILE OF KEY SENIOR MANAGEMENT

CHRISTINA YAP CHUI FUI

Group Financial Controller

Malaysian | 47 y/o | Female

Christina Yap Chui Fui, a Malaysian, female, aged 47, is our Group Financial Controller. She is responsible for overseeing and monitoring the financial accounting and taxation matters, and corporate activities which include, amongst others, the planning and coordinating of the financial reporting activities.

She is a Chartered Accountant and was admitted as a member of the ACCA in October 2003. She is also a member of the Malaysian Institute of Accountants since July 2004. In October 2008, she became a fellow member of ACCA. In February 2024, she has satisfied the requirements of the ASEAN Mutual Recognition Arrangement on Accountancy Services is emplaced as an ASEAN Chartered Professional Accountant.

She started her career in March 2001 as Staff Assistant in Lau Chua Kong & Co. In December 2001, she joined KPMG as an Audit Assistant where she was involved in audit assignments of various industries, including trading and manufacturing, construction, plantations and government agencies until February 2002. She took a 9-month break for preparation of ACCA examination until November 2002. She then rejoined KPMG in December 2002 after her ACCA examination.

She resigned from KPMG in July 2004 and joined Empor Holdings Sdn Bhd, as an Accountant. She was transferred to its related company, Empor Management Services Sdn Bhd in mid-2009. During her tenure from July 2004 to November 2011 with Empor group of companies, she was mainly responsible for overseeing financial functions related to planning, procurement, investment and accounting.

In December 2011, she joined Kim Teck Cheong Sdn Bhd (a wholly-owned subsidiary of Kim Teck Cheong Consolidated Berhad) ("**Kim Teck Cheong**"), a fast-moving consumer goods company as Group Manager (Finance/Investment) – Corporate (the title of Group Manager (Finance/Investment) – Corporate has been subsequently renamed as Associate Director, Treasury – Corporate). During her tenure with Kim Teck Cheong, she was mainly responsible for overseeing the financial matters of the group and the coordination of other professional advisers for the flotation exercise of the group on ACE Market of Bursa Securities.

She left Kim Teck Cheong in March 2018 and joined Life Water Industries in April 2018 as the Group Financial Controller.

She brings with her more than 24 years of experience in accounting, finance and internal audit, and over 7 years of experience with our Group.

She does not have any family relationship with any of our Directors and/or major shareholders.

CHIN LEE YUNG @RINA CHIN

Group Operations Manager

Malaysian | 50 y/o | Female

Chin Lee Yung @ Rina Chin, a Malaysian, female, aged 50, is our Group Operations Manager. She is responsible for overseeing the production, quality, logistics and warehouse departments of our Group.

Ms Chin assumed the lead role in the Group's numerous upcycling projects over the years, winning many upcycling competitions using recycled bottles and more importantly promoting eco conscious art. Some examples of the winning art pieces are The 2019 Gaya Street Mid-Autumn Lantern Competition which took home the Champion prize. During the 2018 Gaya Street Mid-Autumn Lantern Festival, her team clinched the overall 2nd runner up prize, won The Longest Parade Team and The Best Costume & Decoration using plastic bottles.

She attended Sekolah Menengah Arshad, Kota Belud, Sabah from 1989 to 1991, and Kinabalu Commercial College from 1991 to 1992.

After leaving Kinabalu Commercial College in 1992, she pursued her personal interests in bakery and confectionery, and worked in few bakeries in Kota Kinabalu, Sabah and Singapore.

She joined Life Water Industries in April 2007 as Factory Supervisor where she was responsible for overseeing the production lines in Sandakan Megah Plant and Sandakan Sibuga Plant. She was promoted to our Group Factory Manager in January 2022 and was re-designated to our Group Operations Manager in January 2023.

She brings over 18 years of experience in drinking water industry and with our Group.

Chin Lee Yung @ Rina Chin is the sister of Chin Lee Ling and Chin Chun Ming, our Executive Director and our Group Technical Manager respectively, and sister-in-law of Liaw Hen Kong, our Managing Director.

PROFILE OF KEY SENIOR MANAGEMENT

CHIN CHUN MING

Group Technical Manager

Malaysian | **52 y/o** | **Male**

Chin Chun Ming, a Malaysian, male, aged 52, is our Group Technical Manager. He is responsible for overseeing the machinery installation plans and infrastructure, maintenance and upgrading of machinery of our Group's factories.

He obtained his Diploma in Electrical and Electronic Engineering from INTI College Malaysia in April 1995.

Upon his graduation, he started his career with Reliance Computer Agency in June 1995 as a Computer Technician, handling software installation and troubleshooting. In June 1997, he left Reliance Computer Agency and joined Zuma Engineering Sdn Bhd in July 1997 as a Computer Senior Technician where he assisted in repairing computer equipment. Subsequently in June 2006, he left Zuma Engineering Sdn Bhd and joined Diriwan Corporation Sdn Bhd in July 2006 as an Assistant Technical Supervisor where he was in charge of supervising the maintenance of all the electrical terminal and equipment of the company. In October 2006, he was transferred to Lotteries Corporation Sdn Bhd, a related company of Diriwan Corporation Sdn Bhd as a Maintenance Technician for its information technology department.

In September 2010, he left Lotteries Corporation Sdn Bhd and joined Green Borneo Industries in the same month as a Factory Supervisor where he was in charge of all the machinery installation plans and infrastructure, and supervised the production, maintenance and upgrading of machineries and recruitment of factory personnel. He was one of the pioneers of Green Borneo Industries, and was instrumental in the setting up and establishment of our KK IZ4 Plant, responsible for all machinery installation plans and infrastructure. He was promoted to our Group Production Manager in January 2022 and was re-designated to our Group Technical Manager in January 2023.

He brings over 15 years of experience in drinking water industry and with our Group.

Chin Chun Ming is the brother of Chin Lee Ling and Chin Lee Yung @ Rina Chin, our Executive Director and our Group Operations Manager respectively, and brother-in-law of Liaw Hen Kong, our Managing Director.

NOTES:

Directorship in Public Companies and Listed Issuers
None of the key senior management has any directorship in public companies and listed issuers.

Conflict of Interest and Potential Conflict of Interest
None of the key senior management has any conflict of interest and potential conflict of interest with the Company.

Conviction for Offences
Other than traffic offences, if any, the key senior management have not been convicted of any offences within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2025.

CHAIRMAN'S STATEMENT

Dear Stakeholders,

At Life Water Berhad, we believe water is more than a necessity, it is the thread connecting nature, community, and business. On behalf of the Board of Directors of Life Water Berhad, I am pleased to present the Inaugural Annual Report for the financial year ended 30 June 2025 - a year of deep growth, resilience, and meaningful stewardship.

DATUK PETRUS GIMBAD
Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT

> The public tranche was oversubscribed by **32.19 times**, signalling significant investor confidence in our Group's management capabilities and business prospects.

HIGHLIGHTS AND MILESTONES

As the leading homegrown beverages manufacturer in Sabah, the year in review was one of many defining milestones for Life Water, including of course, our successful listing to the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") on 13 November 2024. This milestone represents a significant new chapter of sustainable and dynamic value creation for our stakeholders, while fostering a new chapter of Borneo-centric growth.

The Initial Public Offering ("**IPO**") involved public issuance of 97.56 million new shares and the offer for sale of 28.39 million existing shares. Proudly, the public tranche was oversubscribed by 32.19 times, signalling significant investor confidence in our Group's management capabilities and business prospects, as well as the public's enthusiasm for local beverage brands.

In recognition of the success of our listing, our IPO's principal adviser - MBSB Investment Bank Berhad *(formerly MIDF Amanah Investment Bank Berhad)* was awarded Best Islamic Small Cap IPO at The Asset Triple A Islamic Finance Awards 2025 for their role in our listing. I am also proud to note that our subsidiary Green Borneo Industries Sdn Bhd was awarded the Malaysia Smart Manufacturing Award 2023 under IR4.0 Readiness Category: Adoption Achievement, endorsed by the Ministry of Investment, Trade and Industry.

Operationally, the past financial year saw us focus on strengthening production capacity to support future growth. We commenced operation of our new Keningau plant in January 2025, adding 59 million litres of annual production capacity to our portfolio. Concurrently, the year-end commissioning of the Sandakan Sibuga Plant 1 drinking water line is expected to lift our total drinking water capacity to 626 million litres per annum ("**LPA**") by the coming financial year. With these initiatives, we remain on-track towards achieving our targeted production capacity of 804 million LPA by FYE 2027 as outlined in our Prospectus. Complementing our manufacturing expansion, we grew our delivery fleet to 90 trucks, expanding our reach to tap into historically underserved markets.

Meanwhile, acquisition of Twinine Sdn Bhd ("**Twinine**"), was completed at the close of the financial year, marking our diversification into the wider FMCG market and our journey to meeting more of our customers' daily needs.

While we progressed in our manufacturing abilities, we continued mindfully in our journey of sustainability integration. Focusing on connecting the dots of the circular economy, we also engaged with our local community to ensure awareness and mindfulness in the future generations.

MACROECONOMIC AND OPERATING ENVIRONMENT

The operating market and economic landscape of the year in review presented a mix of challenges and opportunities for Life Water to capitalise on and traverse. Rising operating costs, particularly from the implementation of the Minimum Wages Order 2024, placed additional pressure across industries, while fluctuations in raw material prices continued to affect operating expenses for beverage manufacturers. We navigated this through efficiency measures and operational optimisation, ensuring minimal disruption to our growth momentum.

CHAIRMAN'S STATEMENT

MACROECONOMIC AND OPERATING ENVIRONMENT (CONT'D)

Nevertheless, the demand for essentials like potable water remained relatively insulated from broader market instabilities, with steady offtake across households, retailers and rural communities. At home, East Malaysia continues to offer additional growth levers – greater market coverage supported by growing intra-Borneo connectivity (as outlined by the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area framework, "**BIMP-EAGA**") and increasing demand for bottled beverages from our buoyant tourism industry.

With Visit Malaysia 2026 targeting 35.6 million tourist arrivals, Sabah plays an increasingly pivotal role in Malaysia's national tourism goals. In 2025, the Sabah state government set its own target of 3.5 million visitors, and by August 2025 had already welcomed over 2.1 million tourists, achieving 60.6% of the goal within the first seven months. The post-pandemic revival of tourism is expected to continue to drive demand for drinking water consumption across hotels, restaurants, and retail outlets, benefitting beverage producers like Life Water.

For FYE 2025, the Group achieved RM172.97 million in revenue, up 3.9% year-on-year, mainly driven by stronger sales of drinking water. Quarterly sales remained stable at around RM42–45 million, underscoring consistent demand for our core products. Net profit rose 10.1% year-on-year to RM30.97 million (normalised), translating to a healthy 17.9% PAT margin. This consistency reflects the resilience of our core bottled water business despite softer consumer sentiment, effective cost management amid rising material and overhead expenses, and the strong relationships we maintain with retailers and wholesales that ensure sustained demand and recurring sales.

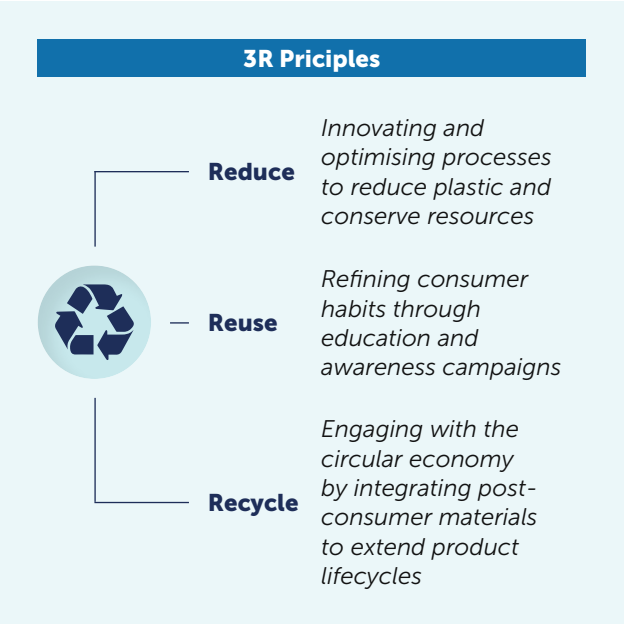
DIVIDEND

We are pleased to announce that the Directors have approved an interim dividend of RM0.0159 per ordinary share, amounting to approximately RM7.52 million for the financial year ended 30 June 2025. The proposed dividend is in line with the Company's Dividend Policy of paying out at least 20% of its audited group profit attributable to shareholders for the financial year, after excluding non-operating income that is capital in nature. This interim dividend which reflects our commitment to balancing growth reinvestment with shareholder returns.

ENSURING SUSTAINABLE GROWTH

Our growth story is inseparable from our sustainability journey. We have always recognised that water is not just a product, but a shared resource and responsibility. This belief guides us to act with accountability at every stage, from protecting our water sources and implementing rigorous quality controls, to introducing eco-friendly packaging solutions that reduce environmental impact.

Our Environmental, Social and Governance ("**ESG**") framework is anchored in the 3R principles – Reduce, Reuse, Recycle:



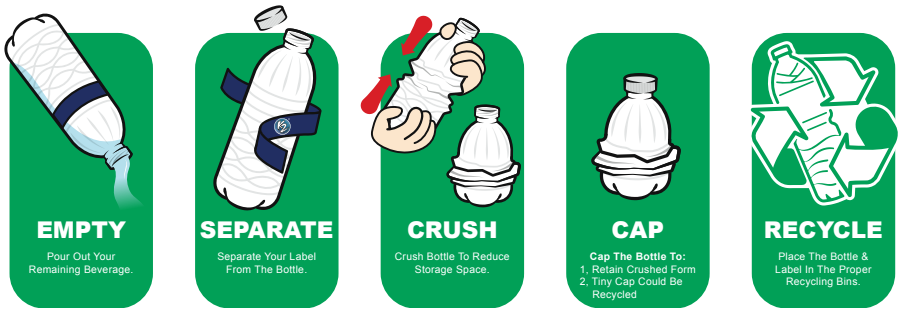
In the reporting year, we have made significant strides in our corporate stewardship journey. We launched the K2 Green Bottle, a defining milestone for our product range. –As Malaysia's first bottled water with packaging made entirely from 100% recycled Polyethylene Terephthalate ("**rPET**"), it represents a key innovation and a statement of intent - that PET bottles need not be treated as single-use disposables, but as resources that can be repurposed repeatedly in support of a thriving circular economy.

Beyond packaging, we are embedding sustainability into our wider operations to conserve electricity and increase our production efficiency. Solar rooftop systems are being installed at our facilities to lower carbon emissions and reduce our reliance on non-renewable energy. At our KK IZ8 Plant 1, we enforce Operation Clean Sweep ("**OCS**") – led by the Malaysian Plastics Manufacturers Association, to prevent plastic pellet leakage into waterways, underscoring our commitment to mitigating pollution.

CHAIRMAN'S STATEMENT

ENSURING SUSTAINABLE GROWTH (CONT'D)

Since 2017, Life Water has collected nearly 10,000 kilograms of post-consumer bottles, driven by community-based initiatives such as school awareness programmes, recycling partnerships with hotels, and social media campaigns encouraging everyday green actions. We championed the Life Water 5 Steps Recycle campaign *(Empty, Separate, Crush, Cap, Recycle)*, demonstrating practical habits to make recycling simple and actionable for consumers.



At the same time, our employees continued to participate in social and environmental initiatives, from tree planting and beach clean-ups to disaster relief aid and conservation efforts such as the Sabah Parks' Turtle Nest Adoption Programme.

While we strive to achieve our business goals, we recognise that sustainability is a collective effort. We will continue to embed the principles of shared growth and sustainable development into Life Water's ethos to ensure a cleaner, more equitable future for all our stakeholders.

Life Water team planted 26 saplings of the Shorea Leprosula tree species in conjunction with its 20th Anniversary Celebration

CHAIRMAN'S STATEMENT

OUTLOOK

Looking ahead, Life Water's growth will be driven by our continued capacity expansion and distribution enhancements. The commissioning of the Sandakan Sibuga Plant 1 line by July 2025 will provide additional production strength to support rising demand, while the upcoming Tawau Distribution Centre will further reinforce our logistics and supply resilience across East Malaysia. Together with our existing network of four factories and eight warehouses, these developments position us well for the next phase of growth.

We are also aligning our expansions to the BIMP-EAGA economic corridor, where connectivity upgrades such as Sabah's deep-sea port and Lahad Datu's warehousing facilities are set to boost cross-border trade. As a Sabah-based company, Life Water is uniquely positioned to capture this demand, especially in island and rural communities where access to clean water remains essential.

In parallel we will continue leveraging synergies from Twinine for vast condiment distribution and cross-selling opportunities, while broadening our product portfolio with the Mandak range and further studies into mineral water with a focus on long-term sustainability of the groundwater source. Beyond capacity, we continue to explore other merger and acquisition ("**M&A**") opportunities in complementary and adjacent F&B categories, to strengthen our role as a diversified consumer goods player.

At the same time we remain committed to research and development, and our ESG priorities – from adopting Industry 4.0 smart manufacturing with automated energy- and water-saving systems, to reducing plastics through bottle light-weighting efforts and advancing circular economy initiatives.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend our gratitude and thanks especially to our shareholders for the confidence and unwavering belief in your investment throughout the IPO year and our post-listing journey. Special acknowledgement is given to our IPO advisors, particularly MBSB Investment Bank, whose award-winning contributions underscore our IPO's excellence.

Additionally, we tender this note of appreciation to our customers and business associates for your loyalty and partnership. Our note of appreciation also extends to all employees of Life Water for their commitment to shared success during our rapid capacity growth and market expansion efforts. We look forward to many more years of shared success and Borneo-centric expansion.

FYE 2025 has been a transformative year of steady growth, capacity expansion, and recognition on regional and international platforms. We look ahead to FYE 2026 with confidence, committed to sustainable growth, innovation, and creating long-term value for our shareholders and communities. Water may be transparent, but its path is never simple. Every phase of Life Water from source to bottle, shelf to hand - carries responsibility. FYE 2025 has laid a strong foundation and we move into FYE 2026 determined to grow not just in scale, but with integrity, sustainability, and impact.

Thank you.

Sincerely,

DATUK PETRUS GIMBAD
Independent Non-Executive Chairman, Life Water Berhad

MANAGEMENT DISCUSSION & ANALYSIS

ABOUT OUR BUSINESS

Making Quality Beverages Affordable for Everyone

Life Water Berhad and its group of companies ("**Life Water**" or "**the Group**") is principally engaged in the manufacturing and distribution of bottled drinking water and carbonated drinks. The Group's operations cover Sabah, Labuan, Brunei, and selected parts of Sarawak, supported by strategically located manufacturing facilities, an established distribution network, and an in-house logistics fleet and complemented by external logistic service providers.

Life Water remains the leading bottled water manufacturer in Sabah, with an 11% share of the Malaysian market. Our sales performance is anchored by our flagship brands *K2, Sasa, 2more and TRITONiC*, which have become household staples in the state. Over more than two decades, we have built consumer trust across both rural and urban communities.

Our operations span the full value chain, from sourcing and purification to bottling and distribution, catering to both retail consumers and institutional clients through a multi-channel strategy. Our water is sourced from public water supply and processed through advanced filtration and ozonation / ultraviolet (UV) treatment systems to ensure consistency and quality. The product portfolio covers a wide range of pack sizes, distributed through modern trade (supermarkets and hypermarkets), general trade (convenience and sundry shops), and institutional channels including offices, hotels, and event organisers.

The Group's core business is complemented by our plastic packaging operations, which include the manufacture of polyethylene terephthalate ("**PET**") preforms and bottles for our own beverage products. This vertically integrated business model enhances operational efficiency, ensures product quality, and reduces reliance on external suppliers.

In financial year ended 2025 ("**FYE 2025**"), we strengthened our production capabilities through investments in new machinery, the addition of a new manufacturing line in Sandakan, and the opening of a new facility in Keningau.

MANAGEMENT DISCUSSION & ANALYSIS

ABOUT OUR BUSINESS (CONT'D)

Life Water's Value Chain

Beverage product development and formulation

Plastic packaging production (preforms, cap and bottles)

Beverage bottling and packaging

Warehousing, logistics, and distribution

The Group operates four (4) beverage manufacturing plants and eight (8) warehouses. Our products are sold under multiple brand names, including *K2, Sasa, Sabah Water*, and 2more. During the year, we launched Lemony, a carbonated drink line with refreshed packaging designed to appeal to modern consumers. At the same time, we continued to produce various drinking water products that meet different consumer needs across various segments, including new packaging sizes such as 10-litre bottles.

In line with our vision to be a sustainable and innovative player in the fast-moving consumer goods ("**FMCG**") space, we continue to invest in product innovation, sustainable packaging, renewable energy, and digitalisation for logistics and operations.

Through these initiatives, we aim to solidify our position as a market leader in Sabah, while exploring opportunities to expand our presence in Sarawak and Brunei through appointed distributors.

OVERVIEW OF OPERATING ENVIRONMENT

The financial year in review was shaped by a dynamic economic landscape marked by post-pandemic recovery momentum, elevated inflationary pressures, and shifting consumer behaviour.

The Malaysian manufacturing sector reached a sales value of RM1.9 trillion in 2024[1], representing an increase of 4.6% year-on-year. The sector's performance was driven by the food, beverages and tobacco sub-sector. Private consumption remained the key growth driver, supported by government subsidies, wage recovery, and the easing of pandemic-related restrictions.

However, operating costs across the FMCG and food and beverage (F&B) sectors rose due to higher logistics, packaging materials, and electricity tariffs. The Malaysia Bottled Water Manufacturers' Association also noted a rising trend in consumer demand for smaller, portable pack sizes and eco-friendly packaging — trends we are actively addressing through packaging innovation and product design.

OVERVIEW OF BUSINESS AND STRATEGIC DIRECTION

Since the initial public offering ("**IPO**") on the Main Market of Bursa Malaysia Securities Berhad in November 2024, Life Water has made significant strides in expanding its operational capacity, product offerings, and market reach. In FYE 2025, the Group strengthened its core beverage manufacturing business while laying the foundation for diversification into complementary food products through the acquisition of Twinine Sdn Bhd, which was completed in July 2025.

[1] *Department of Statistics Malaysia (DOSM), Monthly Manufacturing Statistics Malaysia, Dec 2024*

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS AND STRATEGIC DIRECTION (CONT'D)

The commissioning of the new manufacturing plant in Keningau and an additional drinking water production line at Sandakan Sibuga Plant 1 marked important milestones in our expansion roadmap. With the new line, Sandakan Sibuga Plant 1's annual capacity increased to 178 million litres, bringing the Group's total annual capacity to 626 million litres. Including the Keningau plant and the planned purchase of a line for Sandakan Sibuga Plant 2 (see IPO Proceeds), the Group targets a total production capacity of 804 million litres by FYE 2027.

We will also enhance our operational efficiency with the installation of an additional self-consumption solar photovoltaic (SELCO) system, currently in progress, and have begun establishing our first distribution centre in Tawau.

We continued to innovate to drive our brand presence with the launching of a new beverage line, *Lemony*, complemented by branding campaigns and corporate social responsibility (CSR) outreach under the *Air Ku Hidup Ku* programme, bottle recycling programme and blood donation programme. These achievements reflect our strategy to evolve from a pure beverage producer to a diversified FMCG player focused on sustainability, community engagement, and long-term value creation.

The IPO raised gross proceeds of RM63.42 million. As of 30 June 2025, RM30.85 has been utilised with the remainder earmarked for future capital expenditure and expansion. Key areas of utilisation include the purchase of PET preform injection moulding machines, manufacturing line upgrades, and working capital needs.

Details of utilisation	Estimated Timeframe for the utilisation upon listing	Proposed Utilisation	Actual Utilisation	Balance Unutilised
		RM'000	RM'000	RM'000
Purchase PET preform injection moulding machine	Within 2 months	5,000	5,000	-
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	Within 9 months	19,000	15,643	3,357
Set up an automated warehouse racking system in KK IZ8 Plant 1	Within 14 months	4,606	-	4,606
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	Within 32 months	12,000	-	12,000
Set-up second distribution centre in Sandakan	Within 39 months	12,600	-	12,600
Working capital	Within 3 months	4,210	4,210	-
Estimated listing expenses	Within 3 months	6,000	6,000	-
Total		**63,416**	**30,853**	**32,563**

Major upcoming investments include:

- Automated racking systems at KK IZ8 Plant 1
- A new manufacturing line at Sandakan Sibuga Plant 2
- A second distribution centre in Sandakan

These investments are expected to further strengthen the Group's competitive edge and fulfil the growth targets outlined in our IPO roadmap.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

Revenue
RM172.98 million
▲ 3.9% YoY

Profit After Tax (PAT)
RM30.02 million
▲ 6.8% YoY

	FYE 2025	FYE 2024	Variance	% Change
Revenue (RM'm)	172.98	166.53	6.45	3.9%
Gross Profit (RM'm)	80.58	80.02	0.56	0.7%
Gross Profit Margin (%)	46.58	48.05	1.47	-3.1%
Profit Before Tax (RM'm)	35.03	36.55	-1.52	-4.2%
Profit After Tax (RM'm)	30.02	28.12	1.90	6.8%
PAT Margin (%)	17.36	16.89	0.47	2.8%
Net Assets per Share (RM)	0.44	0.26	0.18	69.2%

For FYE 2025, Life Water achieved a revenue of RM172.98 million, an increase of 3.9% compared to RM166.53 million in FYE 2024. The improvement was mainly driven by higher sales of bottled drinking water, which contributed RM145.97 million or 84.4% of total revenue, while carbonated drinks contributed RM26.46 million or 15.3%. Other products, including fruit drinks and PET packaging, made up the remaining 0.3% of revenue.

Gross profit rose slightly by 0.7% to RM80.58 million, though the gross profit margin moderated to 46.6% (FYE 2024: 48.0%). The decline was primarily due to higher cost of sales following the implementation of the minimum wage policy, the cost of which could not be immediately passed on to customers. Additionally, the Group's rapid expansion and ongoing upgrading plans temporarily impacted operational efficiency, further contributing to the lower GP margin.

Profit before tax ("**PBT**") came in at RM35.03 million, slightly lower than RM36.55 million in FYE 2024. Excluding one-off IPO expenses of RM0.95 million, normalised PBT was RM35.98 million, a modest decline of 1.6%.

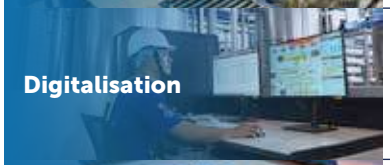
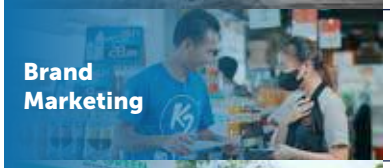
On the other hand, profit after tax ("**PAT**") rose by 6.8% to RM30.02 million (FYE 2024: RM28.12 million), supported by reinvestment allowance claims on capital expenditure for the new Keningau Plant and additional production lines in Sandakan. This enabled PAT margin to improve to 17.4% (FYE 2024: 16.9%), despite higher operating costs.

The Group's balance sheet strengthened significantly following the IPO, with total assets increasing to RM335.45 million as of 30 June 2025, compared to RM243.08 million a year earlier. Net assets per share improved to RM0.44 (FYE 2024: RM0.26). The Group remains in a healthy financial position, with a manageable gearing level and cash reserves of RM22.72 million, supplemented by RM73.09 million placed in short-term funds.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

Operational Highlights

Area	Key Highlights
Production Efficiency	• Increased drinking water annual production capacity by 60% to 626 million litres • Addition of two (2) new PET preform injection moulding machines.
 **Digitalisation**	• Implemented Overall Equipment Effectiveness (OEE) to monitor production output and overall efficiency. The system integrates with our ERP and sales portal for order and inventory management, incorporating predictive maintenance features to reduce downtime.
Distribution Expansion	• Increased number of delivery trucks to 90 units. With eight strategically located warehouses, including upcoming facilities in Tawau and Lahad Datu, the Group is well-positioned to ensure efficient and timely distribution across the region.
 **Brand Marketing**	• Soft launch of a new carbonated flavoured drink in selected markets, with a full-scale rollout planned in FYE 2026.
Sustainability	• Continued with our successful bottle collection and recycling programme, anti-litter campaign, and other community activities.

Core Business Segments

Our operations remain anchored in the manufacturing and distribution of bottled drinking water and carbonated drinks. Core operations posted stable growth, supported by resilient domestic demand and strong brand recognition in Sabah, Labuan, Brunei and part of Sarawak. The launch of Lemony and its updated packaging reflects our continued commitment to innovation and market responsiveness.

Our ancillary operations in plastic packaging remained stable, with the commissioning of two new PET preform injection moulding machines at KK IZ8 Plant 1 to support our in-house bottle production. This investment improved efficiency and reduced reliance on external suppliers.

Segment	FYE 2025 (RM'm)	FYE 2024 (RM'm)	Variance (RM'm)	% Change
Bottled Drinking Water	145.97	138.73	+7.24	+5.21%
Carbonated Drinks	26.46	27.38	-0.92	-3.36%
Other Products & Packaging	0.55	0.42	+0.13	+30.95%

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW (CONT'D)

Core Business Segments (Cont'd)

Bottled Drinking Water

The bottled drinking water segment remained the Group's largest revenue contributor in FYE 2025, accounting for RM145.97 million or 84.4% of total revenue (FYE 2024: RM138.73 million or 83.3%). Growth of +5.2% year-on-year was supported by resilient consumer demand, coupled with enhanced distribution coverage following the commissioning of the Keningau plant and the upgrading of KK IZ4 blowing machine.

Outlook: Bottled water is expected to remain the core growth driver, supported by population growth, rising health consciousness, and the Group's expanded production capacity.

Carbonated Drinks

Carbonated drinks contributed RM26.46 million or 15.3% of revenue (FYE 2024: RM27.38 million or 16.5%), reflecting a decrease of 3.4% year-on-year. The rising ingredient prices slightly compressed segment margins. We will continue to invest in innovation and marketing to strengthen market penetration and expand consumer preference in this category. The Group will continue to invest in product innovation and targeted marketing to expand consumer preference in this category.

Outlook: We anticipate steady growth with the strengthening of the *Lemony* brand and targeted campaigns.

Other Products and Packaging

Revenue from other products, including fruit drinks and plastic containers, stood at RM0.55 million or 0.3% of total revenue (FYE 2024: RM0.42 million or 0.2%). The slight increase was mainly due to higher sales of fruit drinks which were partially offset by declines in external sales of plastic containers. With the commissioning of two new PET preform injection machines at the KK IZ8 Plant 1, the Group expects to improve efficiency and reduce reliance on external suppliers while exploring opportunities to grow third-party packaging sales.

Outlook: This segment is positioned to enhance self-sufficiency while exploring external revenue options.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW (CONT'D)

Expansion and Diversification

We successfully opened our Keningau plant and commissioned a new drinking water line at Sandakan. The Group also initiated upgrades at the KK IZ4 Plant and improved regional logistics capabilities through the establishment of a new warehouse (KK IZ2 Warehouse).

Diversification was a key theme in FYE 2025. The acquisition of Twinine Sdn Bhd, a growing manufacturer of sauces and seasonings, represents a strategic move into the food segment. This will allow Life Water to tap into rising demand in the wellness and condiments market while reducing dependency on bottled beverages.

CHALLENGES AND RISK FACTORS

FYE 2025 saw operational challenges, particularly around increased labour costs due to minimum wage revisions, and disruptions in global shipping which impacted delivery schedules and inventory levels. To mitigate such risks, the Group adopted proactive procurement strategies and strengthened supplier partnerships. Preventive maintenance scheduling was intensified to minimise equipment downtime, and our logistics and distribution network in East Malaysia remained stable and efficient.

Business Risk and Mitigation

Effective risk management is a critical component of the Group's governance framework and strategic planning process. As a FMCG company operating in a competitive and regulated landscape, we are exposed to a broad spectrum of risks — ranging from raw material volatility and operational disruptions to evolving regulatory and environmental expectations.

Our risk management approach is designed to identify, evaluate, and respond to potential threats in a timely and structured manner. Risks are assessed based on their likelihood and potential impact, with corresponding mitigation strategies developed and monitored across all business functions. This process is overseen by the Board of Directors, supported by internal controls and a risk management function that ensures alignment with our operational objectives and long-term strategic goals.

The table below highlights the principal risks identified during the financial year under review, along with the proactive steps we have taken to manage or mitigate their effects.

Key Risk	Mitigation Measures
Volatility in PET resin prices	Forward contracts, foreign currency hedging and cost pass-through mechanisms
Logistics and fuel cost fluctuations	Route optimisation and fleet and fuel management system
Water resource sustainability	Alternative sourcing (underground, rainwater, recycling), improved storage systems, water-efficient technologies, and install of totalizer system to further enhance the monitoring and optimisation of recycle water
Labour shortages	Upskilling programmes and automation
Regulatory changes	Close compliance monitoring and proactive engagement with authorities

SUSTAINABILITY AND GOVERNANCE

Sustainability remains at the heart of Life Water's long-term value creation strategy. In FYE 2025, we took concrete steps to align our operations with environmental, social, and governance ("**ESG**") principles, reflecting both stakeholder expectations and our commitment to responsible growth.

On the environmental front, we made progress in reducing our operational footprint. The bottle collection and recycling programme was expanded through hotel partnerships, encouraging responsible consumption and supporting circular economy practices.

MANAGEMENT DISCUSSION & ANALYSIS

SUSTAINABILITY AND GOVERNANCE (CONT'D)

In terms of social responsibility, we continued to invest in the health and safety of our workforce. Zero fatalities were recorded, supported by training sessions on food safety, workplace hygiene, and emergency preparedness. Employee well-being remained a priority, with ongoing efforts to enhance working conditions and provide career development opportunities across all levels.

Governance practices were strengthened following our listing, with the introduction of a whistleblower policy and board training on sustainability oversight. These measures are part of our roadmap toward aligning with Bursa Malaysia's enhanced sustainability disclosure requirements. These initiatives enhance alignment with Bursa Malaysia's enhanced sustainability disclosure requirements.

Looking ahead, we aim to establish baseline measurements for our greenhouse gas (GHG) emissions and develop a structured sustainability roadmap to guide our medium- to long-term efforts.

More information on our sustainability initiatives is available in the Sustainability Statement section of this Report, on pages 40 to 61.

OUTLOOK AND STRATEGY

Life Water concluded FYE 2025 on a stronger operational footing, supported by the commissioning of a new drinking water line at Sandakan Sibuga Plant 1 and the completion of the Keningau Plant. With these enhancements, the Group's drinking water annual production capacity has increased significantly to 626 million litres, positioning it to meet rising demand across East Malaysia, underpinned by demographic growth, rising consumer spending, and the continued recovery in tourism.

To support expanding operations, the Group strengthened its logistics capacity, increasing its delivery fleet to 90 trucks and enhancing warehousing capabilities with eight strategically located facilities, including upcoming distribution centres in Tawau and Lahad Datu. These initiatives reinforce timely, efficient distribution across urban and rural markets, strengthening Life Water's competitive edge in its home market.

As part of product diversification, the Group soft-launched a new carbonated flavoured drink in selected markets, with a full-scale rollout expected in the next financial year. At the same time, integration of Twinine, a Sabah-based sauces and condiments producer, is progressing well. Productivity will be increased by extending Twinine facility operations to 1.5 shifts per day, supporting stronger contributions from this segment in FYE 2026.

On the upstream side, the installation of PET preform injection moulding machines at the KK IZ8 Plant 1 remains on track. These machines will improve self-sufficiency in packaging, reduce reliance on third-party suppliers, and enhance cost efficiency, thereby contributing positively to segment margins.

We expect FYE 2026 to offer both opportunities and challenges. While the bottled water segment remains a staple in Malaysian households, competition is intensifying with the entry of new private labels and rising consumer expectations for sustainability.

Our strategy is as follows:

- Sustain Growth through Channel Expansion: Grow our footprint in Sabah and appointing distributors for Sarawak & Brunei.
- Operational Excellence: Continued investment in production technology and supply chain resilience to drive cost optimisation.
- Brand and Sustainability Leadership: Deepen customer loyalty through purpose-driven campaigns, plastic reduction efforts, community engagement, and product innovations.
- Transparency and ESG: Enhance reporting of ESG metrics, including GHG baselines and recycling performance, to strengthen credibility with regulators and investors.

Looking forward, the Group remains mindful of challenges such as rising labour and logistics costs, as well as volatility in raw material prices. Nevertheless, Life Water will continue to drive efficiencies, optimise pricing strategies, and invest in innovation to meet evolving consumer preferences for healthier beverages and eco-friendly packaging. Backed by strong fundamentals, expanded production scale, and an increasingly diversified product portfolio, the Board remains optimistic that the Group is well-positioned to sustain growth and deliver long-term shareholder value.

SUSTAINABILITY STATEMENT

“Refreshing growth, sustaining futures”

- *A recycling campaign jointly-organised by MPMA Sabah Branch, FMM Sabah Branch and Life Water aimed at raising awareness on plastic recycling, held in conjunction with the Borneo International Marathon 2019.*
- *Raising awareness on anti-littering - Life Water Sandakan and Kota Kinabalu teams held regular Pickathons, cleaning the streets.*

SUSTAINABILITY STATEMENT

- *An upcycled Lantern Float built with 1888 bottles by Life Water team. The intricate piece won the overall champion during the 2019 Gaya Street Mid-Autumn Lantern Competition.*

At Life Water Berhad and its group of companies ("**Life Water**" or "**the Group**"), sustainability is more than a compliance requirement — it is a guiding principle in how we operate and grow. As a company whose business is intrinsically linked to natural resources, particularly water, we recognise our responsibility to safeguard the environment while delivering safe and quality products to our customers. We are committed to reducing our environmental footprint, embedding responsible practices across our value chain, and creating long-term positive impact for the communities we serve. Our sustainability journey is guided by the belief that business success and ESG stewardship go hand in hand, ensuring Life Water thrives in ways that benefit both people and the planet.

- *Life Water adopted 20 Sea Turtle Nests as part of its conversation efforts in conjunction with its 20th Anniversary.*

SCOPE AND BOUNDARIES

This Sustainability Statement ("**Statement**") covers the operations of Life Water Berhad and its principal subsidiaries engaged in the manufacturing and distribution of packaged beverages throughout Sabah, Labuan, Brunei and parts of Sarawak. The data and disclosures provided in this Statement focus on the Group's beverage manufacturing facilities and associated distribution activities for the financial period of 30 June 2024 and 30 June 2025 ("**FYE 2025**").

At this stage, the coverage excludes the operations of Twinine Sdn Bhd, which was recently acquired and is currently in the process of aligning its sustainability reporting systems with the Group. Twinine will be incorporated into the Group's sustainability disclosures from FYE 2026 onwards once sufficient and reliable data becomes available. Inclusion of Twinine's data in future disclosures may affect FYE 2025 baseline figures.

The reporting boundaries cover:

- Environmental Performance: Water use, energy consumption, GHG emissions (Scope 1 & 2), packaging, and waste generated from beverage operations.
- Social Performance: Workforce, occupational health and safety, diversity, training, and employee wellbeing.
- Economic Performance: Local procurement, job creation, and community investments.
- Governance and Risk: Sustainability governance structure, stakeholder engagement, materiality, and risk management.

This Statement has been prepared with reference to the Global Reporting Initiative (GRI) Standards, IFRS Sustainability Disclosure Standards (S1 and S2), and in adherence to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

As a newly listed entity in the process of integrating the operations of its recently acquired business, information is provided where available. Future reports will expand the scope and depth of disclosures as processes mature and data quality improves.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board of Directors provides strategic oversight of Life Water's sustainability agenda and is ultimately accountable for the integration of sustainability into the Group's operations and long-term strategy. To support the Board, Senior Management ensures that sustainability initiatives are executed effectively across all business functions.

In August 2024, the Board formally approved the Sustainability Policy, underscoring its commitment to aligning the Group with global standards such as the GRI Standards and IFRS S1 and S2. The Group is currently in the process of drafting a Sustainability Roadmap that sets short-, medium-, and long-term goals for water management, energy efficiency, packaging sustainability, and a net-zero carbon pathway. These crucial initial steps reflect Life Water's commitment to tackling climate change and aligning with national Net Zero 2050 target.

At present, sustainability and ESG initiatives are overseen directly by the Board. This ensures that ESG considerations are embedded at the highest decision-making level and aligned with the Group's overall strategic direction. The Board reviews and provides guidance on key sustainability initiatives, such as energy efficiency projects, packaging and recycling efforts, and community engagement programmes. The Group's Audit and Risk Management Committee (ARMC) supports the Board's role, monitoring sustainability-related risks within the Enterprise Risk Management Framework. Moving forward, Life Water intends to formalise a Sustainability Committee, chaired by a Board Member, to provide dedicated oversight and monitor progress against ESG targets.

Plastic Trash To Treasures - A Spectacular Showcase of Upcycled Chic Fashion

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY JOURNEY: THE FOUNDATION

1ST RPET Bottled Water Manufacturer (Malaysia Book of Records)	**4,689 kg** Post-consumer PET bottles collected	**533,762 kWh** Solar Panel PV	**38%** Woman Directors
Readiness In Smart Manufacturing **IR 4.0 AWARD**	**86%** Waste Recycling Rate	**100%** Recyclable Packaging	**55%** Woman Management & Executive
0% Corruption case	**4** Manufacturing Plants; **8** Warehouses	**90** Delivery Fleets	**99%** Local Employee
0% Fatality	**4,751** Training Hours	**RM607,461** CSR 975 activities	**92%** Local Suppliers

While the Group has not yet developed a formal Sustainability Roadmap, we have set clear targets under three broad strategic pillars that guide our approach. These pillars — Better for the Environment, Better for the People, and Better for the Consumer — reflect our commitment to producing safe and affordable beverages in a way that supports long-term value creation.

Our focus is on minimising environmental impact through greater efficiency and renewable energy, creating positive opportunities for employees and local communities, and building consumer trust through high-quality products and responsible practices. These pillars serve as the foundation for our sustainability journey, which will be progressively strengthened and formalised.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY JOURNEY: THE FOUNDATION (CONT'D)

Better for the Environment	Better for the People	Better for the Consumer
Focus		
Water stewardship, carbon emission reduction, sustainable packaging	Employee welfare, community engagement, staff training, workplace safety	Customer trust, product transparency, ethical marketing
• Reduce water usage per cubic litre of beverage product • Reduce carbon emission per cubic litre of beverage product • Reduce electricity consumption per cubic litre of beverage product • Increase the use of recycled PET in packaging • Eliminate landfill waste by 2030	• Zero fatalities and rights violations • Community projects for education, community well-being, sport sponsorship and blood donation • Continuous training and upskilling • Promote an inclusive workplace	• Transparent labelling and ethical marketing • Ensure product safety and hygiene • Implement education and awareness campaigns
Action Plan		
• Energy: Solar photovoltaic installations and improved lighting systems • Packaging: Progressively increase the content of recycled PET in packaging • Continuing to expand PET bottle recycling and collection programmes to divert waste from landfills	• Continuous training and hazard prevention programmes • Employee development on technical skills, leadership, and sustainability • Strengthening diversity and inclusion, aiming to increase female representation in leadership roles	• Engage and empower consumers to make sustainable choices • Reinforcing transparency and ethical marketing

Governance and Continuous Improvement

Zero tolerance for corruption and misconduct	Strengthen whistleblower protection	Safeguard stakeholder data	Annual sustainability reporting

VISION

To sustainably produce pure water and affordable beverages that meet the highest standards of quality and environmental responsibility.

MISSION

To embed sustainability throughout our value chain — from water sourcing to packaging, production, and consumer engagement — in line with global best practices.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY JOURNEY: THE FOUNDATION (CONT'D)

We have established FYE 2025 as the baseline year for measuring our KPIs and targets. Our short-, medium- and long-term targets will be integrated into our Roadmap.

Short-term (2025 – 2027)

- Increase the use of recycled PET in packaging
- Reduce water usage by 2% per m^3 of beverage produced
- Reduce electricity usage by 2% per m^3 of beverage produced
- Reduce carbon emissions by 2% per m^3 of beverage produced

Medium-term (2027 – 2030)

- Transition to 100% recyclable packaging and divert all waste from landfills
- Reduce water usage by 5% per m^3 of beverage produced
- Reduce electricity usage by 5% per m^3 of beverage produced
- Reduce carbon emissions by 5% per m^3 of beverage produced
- Increase renewable energy production by 10% of total energy consumed

Long-term (by 2050)

- Achieve net-zero carbon emissions

We have developed a climate transition plan to achieve the targets, incorporating:

- Scope 1 and 2 emissions tracking
- Solar energy deployment
- Climate scenario analysis under both 2°C and 4°C pathways

The Group plans to begin tracking Scope 3 emissions in the coming financial years, progressively integrating the data into our climate transition plan.

STAKEHOLDER ENGAGEMENT

Engagement with stakeholders is at the core of our sustainability strategy, as their perspectives and concerns guide our priorities and actions. We recognise that our ability to create long-term value depends not only on financial performance but also on building trust and maintaining strong relationships with those who are directly or indirectly impacted by our operations. Regular, transparent engagement helps us identify material issues, respond to expectations, and balance growth with environmental and social responsibility.

We maintain open, structured communication with customers, employees, suppliers, regulators, communities, and NGOs to ensure that their voices inform our sustainability roadmap and operational strategy. This approach mitigates risks, drives innovation, and strengthens our licence to operate in local communities.

Feedback from stakeholders is not only acknowledged but actively incorporated into our sustainability roadmap and targets. For example, customer concerns about plastic usage led to the introduction of recycled PET bottles and lightweight packaging. Community engagement has resulted in targeted disaster relief efforts, while supplier and regulator engagement has driven stronger compliance and sustainability clauses in procurement contracts. This inclusive process ensures that our ESG initiatives remain relevant, measurable, and responsive to the needs of those we serve. These linkages demonstrate how stakeholder engagement directly shapes Life Water's ESG priorities.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder	Engagement Method	Key Concerns	Our Response
Customers	Surveys as and when required, hotline	Plastic use, product quality	Introduced recycled PET bottles and lightweight packaging
Employees	Daily briefings, annual appraisal	Safety, pay, training	Wellbeing initiatives, >4,700 training hours
Suppliers	Annual evaluation	Compliance, payment terms	Sustainability clauses in procurement
Regulators	Regular reporting	Licensing, water quality	Maintained 100% compliance through water sampling and testing at our laboratory
Communities	CSR visits, dialogues based on annual plan	Water access, plastic litter	*Air Ku Hidup Ku* campaign in government schools to enhance environmental awareness and distribute free samples of drinking water
NGOs/ Industry	Partnerships, based on annual plan	Recycling, education	*K2 Goes Green* programme with designated recycling bins, collected 4,689 kg PET bottles. Expanded PET bottle collection in Sabah with community and business participation.

Material Sustainability Matters

Life Water's sustainability efforts are guided by the most material ESG issues that impact our business and matter to our stakeholders. Identifying these material topics ensures that our strategy, disclosures, and initiatives are focused, relevant, and aligned with stakeholder expectations and Bursa Malaysia's Sustainability Reporting Guide.

In FYE 2025, with the guidance of an external consultant, the Group undertook its first formal materiality assessment, marking a significant step in aligning our sustainability reporting with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), the Global Reporting Initiative (GRI) Standards, and the IFRS Sustainability Disclosure Standards (S1 and S2).

The assessment was conducted through structured engagement with key stakeholder groups, including customers, employees, suppliers, regulators, communities, and industry associations. Stakeholders were asked to prioritise a list of sustainability topics based on their importance to them and to Life Water's business. The results were validated by Senior Management and reviewed by the Board. Materiality will be reassessed regularly to reflect changing stakeholder expectations, regulations, and business priorities.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

Material Sustainability Matters (Cont'd)

The following matters have been identified as material to Life Water's operations:

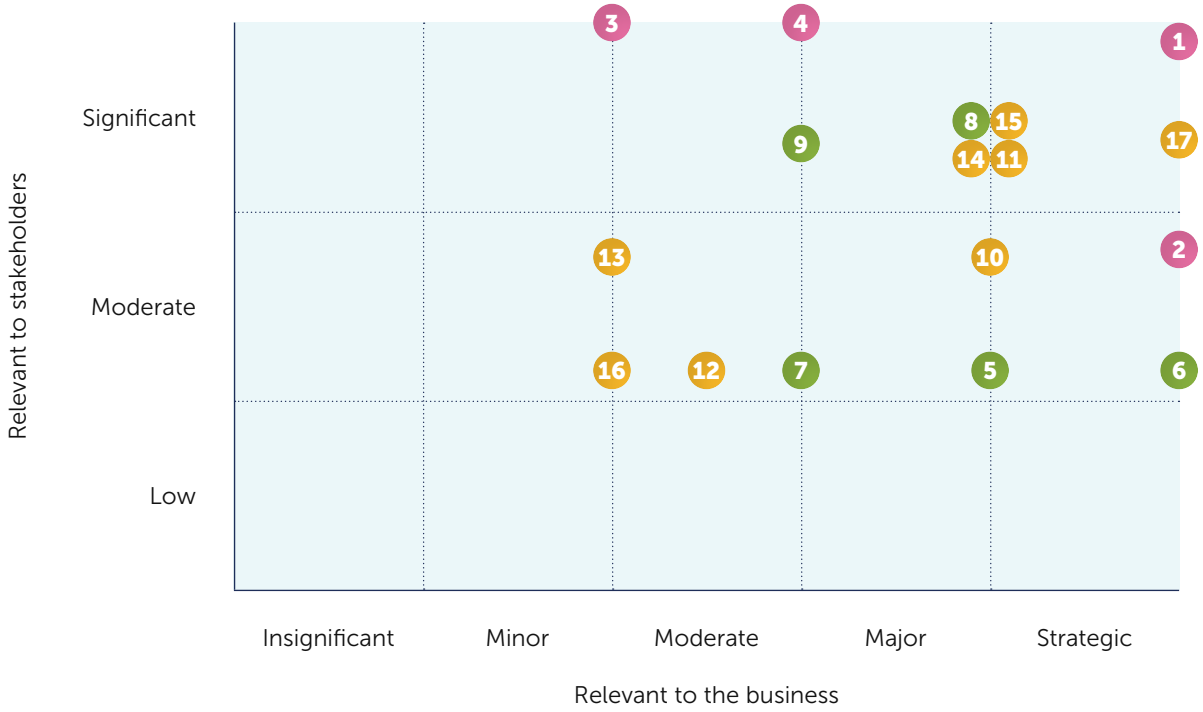
Pillar	Material Matters	Why It Matters
Environmental	Water Management	Water is our most critical input; efficiency is vital for resilience and community trust
	Packaging & Waste	PET bottles face regulatory and consumer scrutiny; focus on recyclability and recycled PET
	GHG Emissions & Energy Efficiency	Climate regulations and rising energy costs require proactive management
Social	Product Quality & Safety	Ensures compliance, protects reputation, and safeguards customer health
	Employee Wellbeing & Occupational Safety	Retains talent, promotes productivity, and prevents workplace incidents
	Community Engagement	Builds strong community relationships, supports local development, and enhances social licence to operate through responsible water stewardship, waste management, and local empowerment initiatives
Governance	Supply Chain Sustainability	Ensures suppliers meet ethical, environmental, and labour standards
	Diversity, Equity & Inclusion	Promotes fair opportunity, gender diversity, and compliance with stakeholder expectations

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

Material Sustainability Matters (Cont'd)

A materiality matrix for FYE 2025 maps these issues against their significance to stakeholders and their impact on the Group's business:



Economic	Environment	Social
1. Economic Performance 2. Supply Chain Management 3. Anti-Corruption 4. Regulatory Compliance	5. Energy 6. Water and Effluents 7. Emissions 8. Waste 9. Material	10. Employment 11. Occupational Health and Safety 12. Training and Education 13. Diversity and equal opportunities 14. Local communities 15. Product Quality and Safety 16. Data Privacy and Security 17. Marketing and Labelling

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY

At Life Water, we believe that strong economic performance must go hand in hand with responsible business practices and positive community impact. We are committed to delivering sustainable growth that creates value not only for our shareholders but also for our employees, suppliers, customers, and the communities we serve.

Local Economic Contribution

In FYE 2025, the Group employed 284 people, with the majority drawn from local communities in Sabah (99%). Local hiring supports regional economies and provides stable employment where manufacturing jobs are vital to livelihoods.

Total Economic Value Generated	**RM172.98 million**

Economic Value Distributed	
Operating costs (materials, overheads, selling & distribution, administration)	**RM114.66 million**
Employee wages & benefits	**RM23.12 million**
Payments to government (tax)	**RM5.00 million**
Total Economic Value Distributed	**RM142.78 million**

Our procurement practices also emphasise local contribution. In FYE 2025, 92% of our suppliers were local, supporting Malaysian suppliers and reducing the carbon footprint associated with long-distance logistics. For imported materials that cannot be sourced locally, we engage with suppliers who meet our procurement standards.

Value Creation Across the Supply Chain

The Group recognises that our success is closely linked to the resilience of our supply chain. In FYE 2025, we conducted sustainability assessments with 100% of our raw materials suppliers, focusing on compliance with labour, environmental, and quality standards. This aligns our value chain with the same principles of responsibility and integrity that guide Life Water.

We also continued our collaboration with our customers to improve product availability, affordability, and delivery efficiency, strengthening our market position while supporting small retailers and local entrepreneurs.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

As a beverage manufacturer, Life Water's operations are closely linked to natural resources. We recognise the urgent need to address climate-related risks while reducing our environmental footprint across our value chain.

Energy and Emissions

The Group's production operations include energy-intensive processes such as water treatment, bottle manufacturing, chilling and pasteurisation, high-speed bottling lines, compressed air systems, lighting and HVAC (heating, ventilation, and air conditioning).

Metric	FYE 2024	FYE 2025	% Change
Purchased electricity consumed (kWh)	18,245,775	19,623,957	7.55%
Solar energy generated (kWh) *Percentage of total electricity consumed*	506,363 *2.78%*	533,762 *2.72%*	5.41% *-0.06%*
Total energy (kWh)	18,752,138	20,157,719	7.50%
Production output (m^3)	280,267	299,117	6.73%
Energy intensity (kWh/m^3)	66.91	67.39	0.72%

In FYE 2025, total electricity use rose by 7.55% to 19.62 million kWh, reflecting higher production activity. Solar generation increased by 5.41%, though its share in the overall mix declined slightly due to stronger energy demand. Overall energy consumption grew by 7.50% to 20.16 million kWh, in line with the 6.73% increase in production output. Energy intensity rose marginally by 0.72%, mainly due to expansion and plant upgrades that temporarily affected efficiency.

We remain committed to expanding renewable energy capacity, with the objective of achieving 10% solar contribution by FYE 2030. A significant step in this direction is Phase 2 of the KK IZ8 Plant 1 solar PV system which is scheduled to commence operations by end of 2025. It is expected to generate 328,000 kWh to the overall energy mix in FYE 2026.

The Group has established FYE 2025 as the baseline year for measuring the progress of our emissions reduction initiatives.

Key initiatives implemented in FYE 2025 to mitigate reliance on non-renewable energy sources included:

- Retrofitting lighting systems with motion detection
- Replacing induction lights and fluorescent tubes with energy-saving LED alternatives
- Installing solar-powered outdoor lighting
- Route optimisation for logistics to reduce fuel consumption

SUSTAINABILITY STATEMENT

ENVIRONMENTAL (CONT'D)

Energy and Emissions (Cont'd)

The Group recognises the strategic importance of managing Scope 3 emissions and is in the process of developing systems to capture upstream and downstream impacts, particularly from packaging and logistics.

Our medium-term target is to achieve an annual 5% reduction in combined Scope 1 and Scope 2 emissions from the FYE 2025 baseline. The long-term ambition is to align with global decarbonisation pathways and achieve net-zero emissions by 2050.

For this edition of the Sustainability Statement, the Group is reporting Scope 1 and Scope 2 emissions.

Scope 1 (Direct Emissions)

	FYE 2024 (tCO^2e)	FYE 2025 (tCO^2e)	Variance
Transport vehicles	2,431	2,646	8.84%
Warehouse forklifts	311	317	1.93%
TOTAL	**2,742**	**2,963**	**8.06%**
Carbon intensity (per m^3 of beverage produced)	0.0098	0.0099	1.02%

The Group continues to monitor its Scope 1 profile and is considering the inclusion of fugitive emissions in its reporting framework from FYE 2026 onwards.

Scope 2 (Indirect Emissions – Purchased Energy)

	FYE 2024 (tCO^2e)	FYE 2025 (tCO^2e)	Variance
Purchased electricity (tCO^2e)	9,579	10,303	7.55%
Renewable energy generated and offset (tCO^2e)	266	280	5.26%
Carbon intensity (per m^3 of beverage produced)	0.0332	0.0335	0.90%

SUSTAINABILITY STATEMENT

ENVIRONMENTAL (CONT'D)

Water Stewardship

	FYE 2024 (m^3)	FYE 2025 (m^3)	Variance
Water consumption	569,496	586,821	3.04%
Production output	280,267	299,117	6.73%
Water consumption per m^3 of beverage produced	2.03	1.96	-3.45%

Water is the foundation of our business and is sourced primarily from municipal supplies. In FYE 2025, the Group consumed 586,821 m^3 of water compared to 569,496 m^3 in FYE 2024, an increase of 3.04%. Over the same period, product output grew by 6.73%, which enabled us to improve overall efficiency: water consumption per cubic metre of beverage produced fell from 2.03 to 1.96, representing a 3.45% improvement.

Through continuous efforts in water monitoring and reclamation system. The Group has achieved improvement in reducing the amount of water required per unit of production.

Moving forward, the Group is exploring the use of strengthening our commitment to sustainable water stewardship.

As water is a shared resource, the Group recognises the importance of managing it responsibly and ensuring that our operations do not compromise local water supplies.

We also expanded our outreach through the *Air Ku Hidup Ku* campaign, which was granted approval by Sabah's Department of Education to be rolled out across government schools. The programme educates students on the importance of clean drinking water and promotes environmental awareness through recycling and upcycling of PET bottles. In FYE 2025, we successfully delivered 20 school campaigns, reaching a wider audience of young people and embedding sustainable water practices in the next generation.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL (CONT'D)

Waste and Packaging

Packaging remains one of our most material environmental issues. The Group continuously looks for ways to reduce the use of plastic through innovative designs that are both visually appealing and more environmentally friendly. We pair this initiative with community-focused projects that spread awareness and inculcate the habit of recycling.

Waste Management	Unit	FYE 2024	FYE 2025
Total waste generated	Metric tonnes	**230.66**	**190.32**
(i) Total waste diverted from disposal	Metric tonnes	187.62	163.14
(ii) Total waste directed to disposal	Metric tonnes	43.04	27.18
% of recycled waste generated		81%	86%

Despite a decrease in total waste in FYE 2025, primarily due to efficiency improvements and optimised production processes, we remain committed to sustainable waste management. Our efforts have resulted in a greater proportion of waste being diverted from disposal, achieving an 86% recycling rate, an improvement from 81% in FYE 2024.

We uphold stringent standards in waste management to minimise environmental impact, ensuring full compliance with key regulatory requirements.

In FYE 2025, we:

- Collected 4,689 kilograms of PET bottles under the K2 Goes Green Programme. The Group collects bottles from schools and hotels, and other sponsors.
- Introduced bottles made with 100% recycled PET (RPET) and reduced plastic content by 49.81% in 500ml bottles, and 43.78% in 1500ml bottles.

We are exploring the use of bio-based caps and improved collection schemes to further strengthen our circular economy efforts.

Beyond packaging, we are embedding sustainability into our wider operations to conserve electricity and increase our production efficiency. Solar rooftop systems are being installed at our facilities to lower carbon emissions and reduce our reliance on non-renewable energy. At our KK IZ8 Plant 1, we enforce Operation Clean Sweep ("**OCS**") – led by the Malaysian Plastics Manufacturers Association, to prevent plastic pellet leakage into waterways, underscoring our commitment to mitigating pollution.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL (CONT'D)

Climate Risks and Opportunities (IFRS S2 Alignment)

Climate change presents both risks and opportunities for the Group. In line with the recommendations of IFRS S2 and Bursa Malaysia's Sustainability Reporting requirements, the Group has undertaken preliminary climate scenario analysis to evaluate the resilience of its operations and value chain. By integrating scenario analysis into our risk management framework, the Group aims to ensure long-term operational resilience and protect stakeholder value.

We have begun assessing climate scenarios under 2°C and 4°C pathways to evaluate the resilience of our operations and supply chain. Measures such as expanding solar capacity, diversifying water sources to include rainwater, and strengthening supplier sustainability standards are part of our adaptation strategy.

Scenario	Key Risks	Key Opportunities
2°C Pathway (Paris-aligned)	• Moderate physical risks (water stress, flooding) • Tighter carbon pricing and regulatory compliance • Moderate supply chain disruptions	• Cost savings from solar and renewable energy • Stronger brand reputation via sustainable packaging • Community goodwill through clean water initiatives
4°C Pathway (Business-as-usual)	• Severe physical risks (acute water scarcity, extreme floods) • High regulatory and transition costs • Significant supply chain vulnerability	• Business model resilience from product diversification • Stronger adaptation strategies (rainwater harvesting, water efficiency) • Improved supplier standards and resilience

Methodology

- Stress Testing: We apply stress tests to key operational inputs (e.g., water availability, energy costs, logistics disruptions) to model the financial and operational impacts under different climate conditions.
- Cost Modelling: Using both internal data and external benchmarks, we model potential increases in operating costs under different trajectories.
- Sensitivity Analysis: We test the sensitivity of our margins to raw material and energy price volatility under high-temperature scenarios that could disrupt supply chains in Sabah.
- Time Horizons: Risks and opportunities are assessed across short-term (1–3 years), medium-term (3–10 years), and long-term (10+ years) horizons, reflecting both immediate operational pressures and strategic adaptation needs.

Adaptation and Risk Mitigation Measures

- Renewables: Expansion of solar capacity across production facilities to reduce Scope 2 emissions.
- Water Stewardship: Diversification of water sources, including exploring rainwater harvesting and improved groundwater monitoring.
- Supply Chain Standards: Strengthening supplier sustainability requirements to reduce exposure to upstream climate risks.
- Business Diversification: Entry into food sauces and condiments provides resilience against sector-specific risks in beverages.

SUSTAINABILITY STATEMENT

SOCIAL

We recognise that our success is built not only on the quality of our products but also on the wellbeing of the people and communities who make up and surround our business. As a major employer in Sabah, we are committed to creating a safe, fair, and inclusive workplace, while contributing meaningfully to the communities we serve.

Our focus extends from ensuring employee health, safety, and professional growth, to promoting diversity and inclusion, and strengthening community resilience through initiatives that improve access to clean water, reduce plastic waste, and support local livelihoods. By prioritising people, we build long-term trust, strengthen our social licence to operate, and align with Malaysia's inclusive development goals.

Workplace and Occupational Health & Safety (OHSA)

In FYE 2025, Life Water employed 284 staff at our manufacturing facilities, with a gender composition of 81% male and 19% female. We uphold fair labour practices, with anti-discrimination protections and a whistleblower channel.

Health and safety remain a top priority. The Group recorded a Lost Time Injury Frequency Rate (LTIFR) of 9.15 in FYE 2025 (FYE 2024:7.65).

Initiatives included personal protection equipment training, fire drills, and a whistleblowing channel to protect employee rights. We logged more than 4,700 training hours, and allocated RM60,517 to employee wellbeing.

No OHSA non-compliance cases were recorded in FYE 2025, reflecting the effectiveness of training and preventive measures.

Hands On Training on Fire Safety led by BOMBA

First Aid Training Session

Diversity, Equity and Inclusion

We are committed to fostering diversity, equity, and inclusion. We maintain zero tolerance for discrimination and promote inclusive hiring policies. Women make up 25% of our workforce of 627 people, and as of FYE 2025, women represent 37.5% of our Board of Directors, or three (3) of eight (8) Board members. Strong female representation in key leadership positions extends to our Key Senior Management team, where women make up 60% (three of five) members.

Training and Development

We recognise that investing in our people is key to sustaining long-term growth and competitiveness. Training and development are not only about enhancing skills and productivity but also about empowering our employees to grow with the organisation and contribute meaningfully to our sustainability goals.

In FYE 2025, we allocated RM118,960 for training and development (FYE 2024: RM52,557), which was supplemented by support from industry grants. We plan to gradually scale up the training budget in line with business growth and evolving talent needs. In FYE 2025, Life Water staff from all levels logged a total of 4,751 training hours, an increase of 28% from 3,725 hours in FYE 2024.

SUSTAINABILITY STATEMENT

SOCIAL (CONT'D)

Community Engagement

Life Water remained committed to strengthening its relationship with local communities in FYE 2025, carrying out 975 activities valued at RM607,461. These initiatives spanned education, health, environmental awareness, and disaster relief, reflecting our role as both a business and a community partner.

Life Water Berhad actively participated in the Tree Planting, organised by UMS in conjunction with the 20th Borneo 7's Tree Planting Ceremony and Sambutan Hari Hutan Antarabangsa. The event took place at the Sandakan Rainforest Discovery Centre.

Flood Relief Mission: Life Water team sending bottled water to communities affected by severe flood in Sabah in which supply of clean water was cut off.

Blood Donation Drive is a quarterly campaign by Life Water Berhad to help address the shortage of blood and save lives. The blood collected goes to the Duchess of Kent Hospital's blood bank. It is a collaborative effort between Life Water and the Hospital through a formal arrangement - the signing of a MoU.

Pickathon is a regular cleaning campaign by Life Water Berhad aimed at raising awareness on Anti-Littering, the importance of Recycling and instilling love and care for our environment.

Life Water continued to invest in meaningful programmes that support education, health, and resilience across Sabah:

Event Sponsorship & School Campaigns

Sponsored beverages for over 850 community and school sporting events, and ran 20 "Air Ku Hidup Ku" school campaigns, approved by the Sabah Department of Education, to raise awareness on clean water and recycling.

SUSTAINABILITY STATEMENT

SOCIAL (CONT'D)

Community Engagement (Cont'd)

Life Water continued to invest in meaningful programmes that support education, health, and community resilience across Sabah (Cont'd):

Educational Engagement

Organised 15 plant visits for schoolchildren to experience the water production process and strengthen brand familiarity.

Care for the Vulnerable

Conducted 2 welfare home visits , offering companionship and support to the elderly and disadvantaged.

Community Outreach

The 2More Fun Truck brought interactive brand experiences to 35 rural and community events, engaging consumers in a creative way.

Disaster Relief

Responded swiftly with 14 relief initiatives , supplying bottled water during floods, fires, and earthquakes.

Health Initiatives

Partnered with Duchess of Kent Hospital, Sandakan to run 38 blood donation campaigns, addressing critical shortages and saving lives.

Environmental Care

Recycling, upcycling and conservation initiatives such as tree planting and sea turtle nests adoption form part of K2 Goes Green programme

SUSTAINABILITY STATEMENT

GOVERNANCE

Good governance is the cornerstone of Life Water's long-term sustainability and resilience. As a newly listed company on Bursa Malaysia, we are committed to upholding the highest standards of integrity, transparency, and accountability in all aspects of our business. Strong governance ensures that our sustainability commitments are not only embedded into our strategy but also consistently delivered across operations and the value chain.

In FYE 2025, we strengthened our governance framework to align with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), the Malaysian Code on Corporate Governance (MCCG), and international best practices. Oversight of ESG matters is embedded at the Board level, with direct monitoring through the Audit and Risk Management Committee (ARMC) and execution by the Senior Management.

Policies and Codes of Conduct

To reinforce our governance culture, the Group has formalised several key policies that guide our day-to-day operations and ethical standards:

- Sustainability Policy – Outlines the Group's commitment to responsible growth, climate action, and stakeholder inclusivity; approved by the Board in August 2024.
- Environmental Policy – Governs our approach to resource use, waste reduction, emissions management, and regulatory compliance.
- Occupational Health and Safety Policy – Ensures a safe working environment through hazard identification, risk control measures, and continuous training.
- Whistleblowing Policy – Provides employees and stakeholders with a confidential channel to report unethical, illegal, or unsafe practices without fear of retaliation.
- Code of Business Ethics and Conduct – Establishes standards for integrity, compliance, and professionalism, applicable to all employees and business partners.
- Supplier Code of Conduct – Sets expectations for suppliers on labour rights, environmental practices, and ethical sourcing.
- Anti-Corruption and Anti-Bribery Policy – Prohibits bribery and corruption in line with the Malaysian Anti-Corruption Commission Act 2009, supported by employee awareness training.

Supply Chain Governance

Supplier assessments ensure partners uphold the same standards that guide Life Water's operations. In FYE 2025, 100% of our raw materials suppliers underwent ESG assessments covering environmental compliance, ethical labour practices, and product safety. Vendors are required to sign declarations confirming compliance with anti-forced labour laws and fair employment standards.

Regulatory Compliance and Product Safety

The Group maintained 100% compliance with all relevant Malaysian laws and regulations in FYE 2025, including:

- Environmental Quality Act 1974
- Food safety certifications (MeSTI, GMP, HACCP, ISO 22000)
- Halal certification standards

SUSTAINABILITY STATEMENT

GOVERNANCE (CONT'D)

Regulatory Compliance and Product Safety (Cont'd)

Our marketing and product labelling strictly adhere to national consumer protection and advertising laws, ensuring transparency and honesty in all customer communications.

In FYE 2026, Life Water will further enhance governance by strengthening ESG-linked Board oversight, reviewing existing policies to align with IFRS sustainability standards, and expanding supplier sustainability audits across the entire supply chain.

Data Privacy and Security

Protecting the confidentiality, integrity, and availability of information is critical to maintaining stakeholder trust and safeguarding our business operations. Life Water recognises that as our operations and reporting processes become increasingly digitalised, the risk of cyber threats and data breaches grows in parallel.

The Group has adopted a Data Protection and Cybersecurity Policy, which outlines requirements for data governance, system monitoring, and incident reporting. Periodic IT audits are conducted to review compliance with this policy and to identify areas for continuous improvement.

The Group implements strict access controls, regular system backups, and data security training and awareness programmes. No data breaches were reported in FYE 2025.

STATEMENT OF ASSURANCE

We have not sought assurance for this report. As we continue to improve our data collection systems, we will consider internal review or independent assurance as our reporting matures.

CONCLUSION

FYE 2025 marks an important milestone in Life Water's sustainability journey. We have set in motion a clear roadmap that aligns with Bursa Malaysia's Sustainability Reporting Guide and international frameworks such as GRI and IFRS S1/S2. Looking ahead, we are committed to expanding our disclosures to include Scope 3 emissions and advancing towards ambitious targets net-zero carbon emissions by 2050.

Through the combined efforts of our Board, management, employees, and partners, Life Water will continue to create long-term value for all stakeholders while contributing to a sustainable, resilient, and inclusive future for Malaysia and the communities we serve.

SUSTAINABILITY STATEMENT

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024	2025
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive and above	Percentage	100.00	100.00
Assistant and below	Percentage	41.25	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0	0
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	496,016	607,461
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,062	975
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0	0
Management Between 30-50	Percentage	60.00	40.00
Management Above 50	Percentage	40.00	60.00
Executive and above Under 30	Percentage	4.35	9.80
Executive and above Between 30-50	Percentage	82.61	80.39
Executive and above Above 50	Percentage	13.04	9.80
Assistant and below Under 30	Percentage	50.95	47.99
Assistant and below Between 30-50	Percentage	47.15	49.04
Assistant and below Above 50	Percentage	1.90	2.98
Gender Group by Employee Category			
Management Male	Percentage	40.00	40.00
Management Female	Percentage	60.00	60.00
Executive and above Male	Percentage	43.48	45.10
Executive and above Female	Percentage	56.52	54.90
Assistant and below Male	Percentage	78.14	77.93
Assistant and below Female	Percentage	21.86	22.07
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	62.50	62.50
Female	Percentage	37.50	37.50
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	12.50	12.50
Above 50	Percentage	87.50	87.50

SUSTAINABILITY STATEMENT

PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2024	2025
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	18,752	20,158
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0.00	0.00
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	7.65	9.15
Bursa C5(c) Number of employees trained on health and safety standards	Number	539	421
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	72	184
Executive and above	Hours	777	1,460
Assistant and below	Hours	2,876	3,107
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.39	1.75
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	0.00	0.00
Executive and above	Number	8.00	7.00
Assistant and below	Number	252.00	207.00
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	57.77	59.68
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	569.50	586.82
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	230.66	190.32
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	187.62	163.14
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	43.04	27.18
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	2,742	2,963
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	9,313	10,023
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	0	0

(*) Restated