



Muda Holdings Berhad

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OUR VISION, MISSION, CORE VALUES AND COMMITMENT

OUR VISION

To strengthen the Group's market leader position as one of the largest integrated paper manufacturer in terms of paper production volume in Malaysia.

OUR MISSION

To commit to a relentless pursuit of excellence in producing high quality industrial grade paper, machine glazed paper, paper boards and paper packaging products through technological innovations to increase customer satisfaction as well as enhance shareholders' value while safeguarding the sustainability of our environment.



OUR CORE VALUES

We believe in going the extra mile to deliver paper packaging solutions that meets all our customers' expectations while ensuring speedy and timely delivery. All our Group's business and operational practices are also geared towards preserving our environment for future generations.

OUR COMMITMENT

- Business Ethics and Compliance
- Putting Customers First
- Empowering People
- Environmental Protection
- Maximising Shareholders' Value

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THE CORPORATION

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in Relation to the Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Azaman Bin Abu Bakar,
DIMP
Executive Chairman

Datuk Wira Lim Chiun Cheong,
DPSM, DCSM
Managing Director

Wong Choong Yee
Senior Independent Non-Executive Director

Lim Siew Ling
Non-Independent Non-Executive Director

Lim Yen Wee
Non-Independent Non-Executive Director

Dato' Tan Tian Meng,
DBNS, ANS
Independent Non-Executive Director

Dato' Hazli Bin Ibrahim,
DIMP, FCCA, MBA
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Hazli Bin Ibrahim,
DIMP, FCCA, MBA
(Chairman)

Wong Choong Yee
Dato' Tan Tian Meng,
DBNS, ANS

NOMINATION COMMITTEE

Wong Choong Yee
(Chairman)

Dato' Tan Tian Meng,
DBNS, ANS
Dato' Hazli Bin Ibrahim,
DIMP, FCCA, MBA

REMUNERATION COMMITTEE

Dato' Tan Tian Meng,
DBNS, ANS
(Chairman)

Dato' Hazli Bin Ibrahim,
DIMP, FCCA, MBA
Wong Choong Yee

EXECUTIVE COMMITTEE

Dato' Azaman Bin Abu Bakar,
DIMP
(Chairman)

Datuk Wira Lim Chiun Cheong,
DPSM, DCSM

SUSTAINABILITY COMMITTEE

Lim Yen Wee
(Chairman)

Dato' Azaman Bin Abu Bakar,
DIMP
Datuk Wira Lim Chiun Cheong,
DPSM, DCSM

SECRETARIES

Goh Ching Yee
(MAICSA 0760803/
SSM PC NO. 202008002492)

Lim Lay Han
(MAICSA 7074118/
SSM PC NO. 202608000086)
(Appointed on 27 February 2026)

AUDITORS

Grant Thornton Malaysia PLT
(Member of Grant Thornton International Ltd)
Chartered Accountants

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4022
Fax : 03-2732 5119

REGISTERED OFFICE AND CORPORATE OFFICE

Lot 7, Jalan 51A/241
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 9549
Fax : 03-7873 8435

SHARE REGISTRAR

**Muda Management Services
Sdn. Bhd.**

Lot 7, Jalan 51A/241
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 9549
Fax : 03-7875 1519

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Bhd
Main Market
Stock Name : MUDA
Stock No. : 3883

WEBSITE

www.muda.com.my

Dear Shareholders,

I am honoured to assume the stewardship of Muda Holdings Berhad (“MUDA” or “the Group”) following my appointment as Chairman on 28 May 2025. I undertake this responsibility with a strong sense of purpose, guided by the trust placed in me by the Board and a commitment to lead the Group with clarity, integrity and strategic discipline.

MESSAGE FROM

OUR CHAIRMAN

YEAR IN REVIEW

MUDA's journey over the past five decades has closely mirrored Malaysia's own industrial development. From supporting the country's early manufacturing growth, the Group has evolved into an integrated paper packaging provider serving the changing needs of a modern economy.

Today, our business remains firmly anchored in the recovery, reuse and recycling of paper, while continuously adapting our portfolio and capabilities to remain relevant in a rapidly changing environment. As Malaysia advances towards a lower-carbon, more resilient and inclusive economy, MUDA is well positioned to contribute to the nation's broader aspirations in circularity, resource efficiency and sustainable growth.

FY2025 was a year of transition and disciplined execution. The operating environment remained challenging, characterised by persistent cost pressures, evolving regulatory expectations and structural shifts across the paper and packaging industry. Against this backdrop, the Board and Management remained focused on preserving the Group's financial resilience through prudent capital allocation, disciplined cost management and rigorous oversight of risk and asset performance.

Geopolitical tensions in the Middle East continued to create volatility in global oil and gas markets, placing pressure on fuel, logistics and shipping costs. However, the Group was able to mitigate part of this

impact through the increased use of biomass fuel and the continued optimisation of its energy mix.

At the same time, the Group benefited from lower waste paper prices and reduced energy costs during the year. These improvements, together with the operational efficiencies achieved across our manufacturing facilities, helped to ease cost pressures and strengthen margins.

A significant milestone was the completion of the fibre and waste recovery facility, which commenced operations in July 2025. The facility has improved raw material recovery and production efficiency, while generating cost savings.

MESSAGE FROM OUR CHAIRMAN

CONT'D

PERFORMANCE REVIEW

For FY2025, the Group recorded revenue of RM1.43 billion compared with RM1.45 billion in FY2024. The decline was primarily attributable to lower average selling prices in both the industrial paper and corrugated board segments.

Despite the softer revenue performance, the Group delivered an improved operating outcome. Loss before tax narrowed to RM62.08 million, while EBITDA increased to RM58.11 million from RM49.42 million in FY2024.

The improvement in EBITDA was driven by several factors, namely:

- lower waste paper prices;
- lower energy costs;
- cost optimisation initiatives implemented across the Group;
- the revaluation of properties and disposal of non-core assets; and
- contributions from the newly commissioned fibre and waste recovery facility.

Although the Group remained loss-making during the year, its financial position and cash flow remained healthy. This reflects the strong financial discipline demonstrated by Management and the Group's continued focus on liquidity, working capital and cost containment.

OUR PEOPLE, OUR STRENGTH

Our people remain central to MUDA's long-term success. As the Group enters its next phase of growth and transformation, we continue to invest in building a capable, resilient and future-ready workforce.

The paper and packaging industry is evolving rapidly, shaped by technological advancement, sustainability priorities and changing customer expectations. In response, we are strengthening capabilities across key functions and equipping our employees with the operational, technical and sustainability-related

skills required to succeed in an increasingly complex environment.

We are equally committed to maintaining a workplace founded on safety, respect and dignity. The Group continues to uphold high standards of occupational safety and health, supported by effective risk management, hazard control and a culture of continuous improvement.

Leadership continuity and succession planning also remain key priorities. We believe strong leadership is essential to sustaining organisational resilience and delivering the Group's strategic objectives over the long term.

GOVERNANCE IN FOCUS

The Board remains committed to high standards of governance and accountability.

In FY2025, the Group took an important step forward in strengthening its sustainability governance through the adoption of the National Sustainability Reporting Framework ("NSRF"). The framework establishes the International Sustainability Standards Board's ("ISSB") IFRS S1 and IFRS S2 standards as the national baseline for sustainability reporting.

MUDA has commenced the phased integration of IFRS S2 into its reporting processes, with an initial focus on climate-related information that is financially material to the Group. This approach supports stronger transparency, enhances the quality of decision-making and reinforces the Board's oversight on sustainability, risk and capital allocation.

Looking ahead, we believe the Group's long-term competitiveness will depend not only on the strength of its assets, but also on the quality of its governance, organisational capability and ability to execute with discipline.

The Board will therefore continue to evaluate strategic decisions through the lens of long-term value

creation, resilience and prudent risk management.

ACKNOWLEDGEMENT

This year also marked the end of an important chapter in MUDA's history.

Our Founder, Tan Sri Lim Guan Teik, stepped down as Chairman on 28 May 2025 after more than 50 years of service to the Group, and subsequently passed away peacefully on 31 March 2026. His vision, leadership and unwavering dedication laid the foundation for MUDA's growth and enduring success.

On behalf of the Board, I record our deepest appreciation for his immense contribution and extend our sincere condolences to his son, Datuk Wira Lim Chiun Cheong, and family.

I would also like to express my appreciation to my fellow Board Members for their counsel, support and steadfast commitment throughout the year. Their guidance has been instrumental in helping the Group navigate a demanding operating environment while remaining focused on long-term value creation.

To our employees, I extend my sincere thanks for your dedication, professionalism and resilience. Your commitment has enabled MUDA to strengthen its operations, improve execution and continue moving forward despite challenging conditions.

Finally, I wish to thank our customers, financiers, regulators, business associates and strategic partners in Malaysia and abroad for their continued trust and support. We value these relationships deeply and remain committed to delivering sustainable outcomes for all our stakeholders.

As we look ahead, MUDA enters the future with stronger foundations, improved operating discipline and a clear focus on creating sustainable long-term value.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR STORY

Founded in 1972, the Group has built a distinguished track record over more than five decades through innovation, resilience and a steadfast commitment to responsible business practices. Today, we are one of the country's leading integrated paper manufacturer, supported by an extensive manufacturing and distribution network across the region.

Throughout our journey, we have remained guided by our core values of quality, customer satisfaction and environmental stewardship. These principles continue to shape our long-term strategy as we strengthen our market position while creating sustainable value for our stakeholders and preserving the environment for future generations.

OUR EXPERTISE

The Group's integrated operations span the entire paper manufacturing value chain and comprise:

- Collection of waste paper through multiple locations across Peninsular Malaysia;
- Manufacture of industrial-grade paper products, including corrugated medium, test liner, grey board, core board and machine-glazed paper;
- Manufacture of corrugated carton boxes and boards;
- Manufacture of food packaging paper products, including hawker paper, deli wrapping paper and paper bags; and
- Other paper-related businesses, including the trading of stationery products.

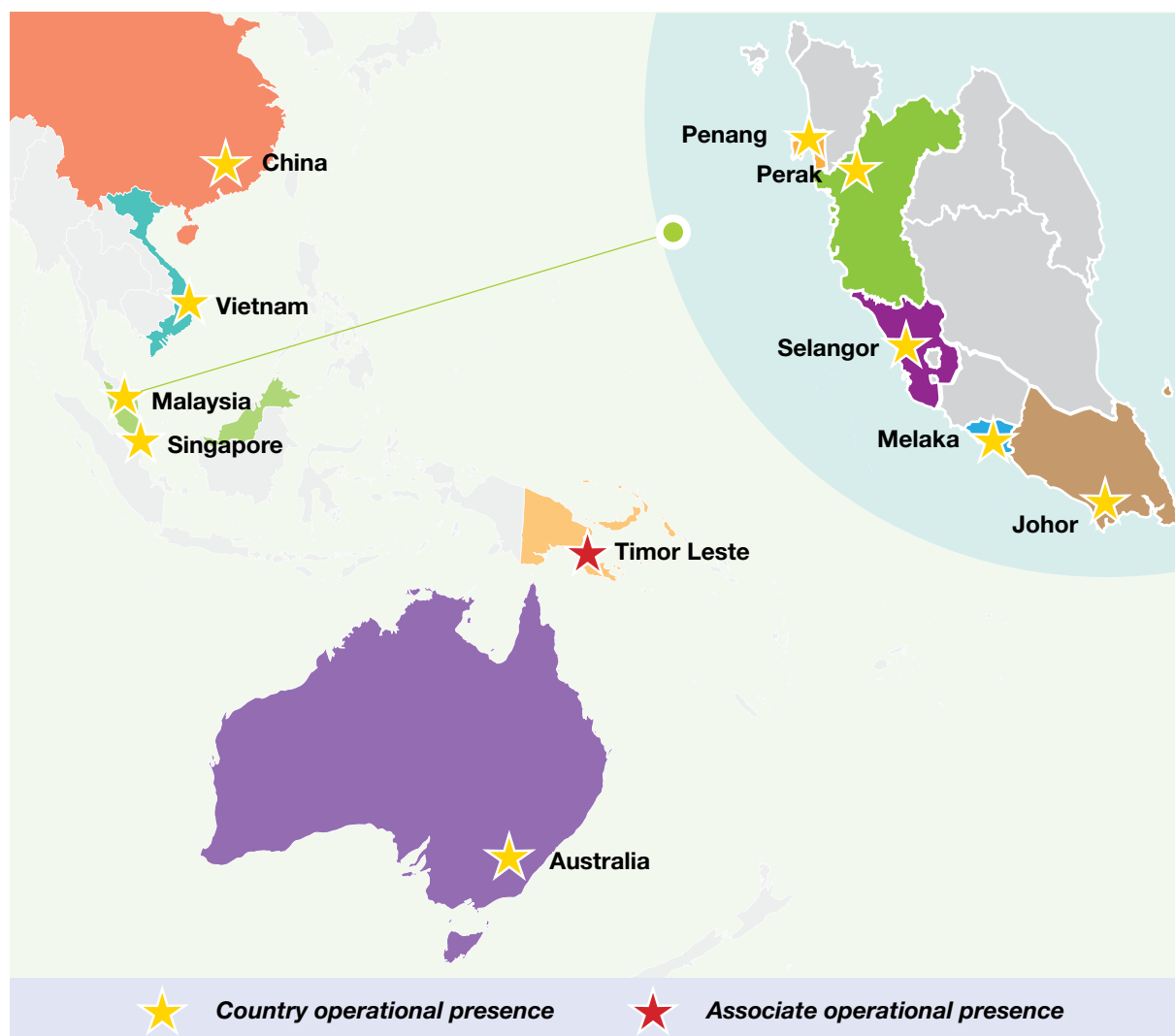


MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

OUR FOOTPRINT

No.	Type	No of location/ factories	Location
1	Recycling centres	4	Malaysia
2	Paper mills	2	Malaysia
3	Corrugating plants	8	Malaysia and The People's Republic of China
4	Converting plants	3	Malaysia and Singapore
5	Trading business	4	Malaysia, Singapore, Vietnam and Australia



MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

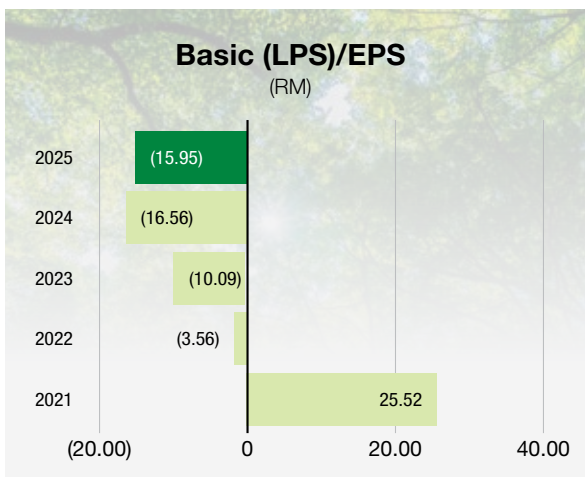
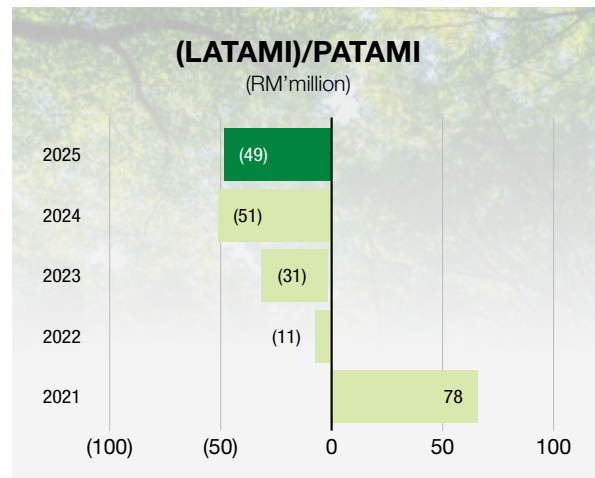
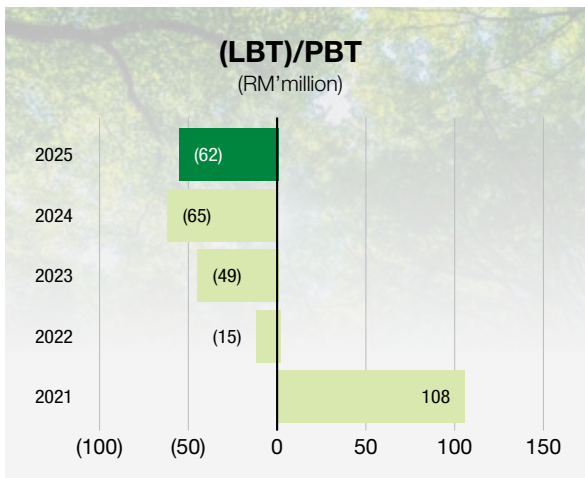
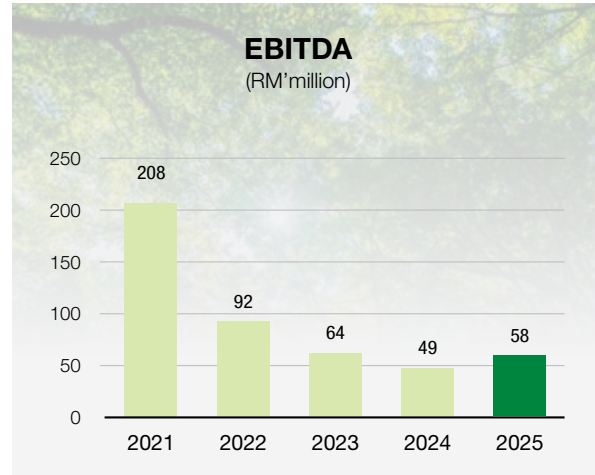
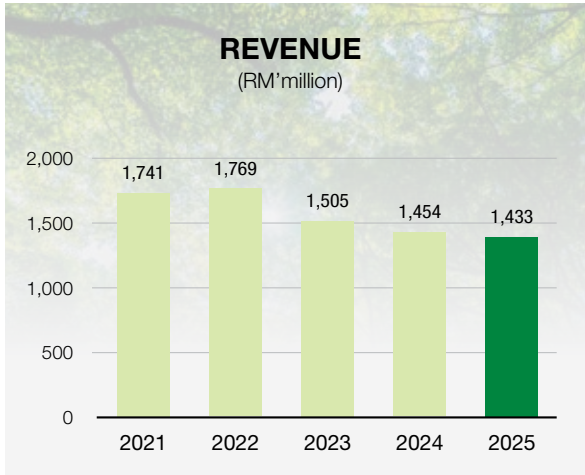
FINANCIAL HIGHLIGHTS

For the Financial Year Ended 31 December	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Financial Performance					
Revenue	1,433,347	1,453,784	1,505,427	1,769,494	1,740,745
Gross Profit	157,888	168,065	165,476	223,365	315,017
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	58,106	49,418	64,270	91,910	207,692
(Loss)/Earnings before Interest and Tax ("LBIT/EBIT")	(29,618)	(33,596)	(18,857)	8,991	127,480
Share of Results of Associates	(454)	(846)	176	26	5,040
(Loss)/Profit before Tax ("LBT)/PBT")	(62,081)	(65,002)	(49,270)	(15,106)	108,134
Net (Loss)/Profit after Minority Interest ("LATAMI)/PATAMI")	(48,658)	(50,523)	(30,776)	(10,866)	77,838
Financial Position					
Shareholders' Equity	1,304,877	1,225,146	1,300,157	1,337,037	1,355,211
Total Assets	2,383,549	2,307,494	2,356,186	2,411,485	2,386,548
Total Liabilities	1,078,672	1,082,348	1,056,029	1,074,448	1,031,337
Net Current (Liabilities)/Assets	(93,747)	(37,274)	57,795	92,787	162,303
Total Borrowings	761,631	746,566	712,335	717,366	641,537
Cash and Cash Equivalents	109,897	128,000	169,569	132,749	144,500
Financial Analysis					
Gross Margin (%)	11.02%	11.56%	10.99%	12.62%	18.10%
EBITDA Margin (%)	4.05%	3.40%	4.27%	5.19%	11.88%
(LBIT)/EBIT Margin (%)	(2.07%)	(2.31%)	(1.25%)	0.51%	7.27%
(LBT)/PBT Margin (%)	(4.33%)	(4.47%)	(3.27%)	(0.85%)	6.21%
(LATAMI)/PATAMI Margin (%)	(3.39%)	(3.48%)	(2.04%)	(0.61%)	4.47%
Gearing (Net of cash)(times)	0.50	0.50	0.42	0.44	0.37
Interest Coverage (times)	1.75	1.51	2.04	3.72	10.69
Return on Average Shareholders' Equity (%)	(3.98%)	(4.15%)	(2.41%)	(0.83%)	6.34%
Return on Average Total Assets (%)	(2.07%)	(2.17%)	(1.29%)	(0.45%)	3.60%
Basic (Loss)/Earnings per Share ("LPS)/ EPS") (sen)	(15.95)	(16.56)	(10.09)	(3.56)	25.52
Net Tangible Assets per share (RM)	4.23	3.96	4.21	4.33	4.39

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

FINANCIAL HIGHLIGHTS (CONT'D)



MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

FINANCIAL REVIEW

For the financial year ended 31 December 2025 ("FY2025"), the Group recorded revenue of RM1.43 billion, which remained broadly in line with RM1.45 billion recorded in FY2024.

The Group achieved a higher sales volume of 635,343 metric tonnes ("MT"), an increase of 25,906 MT or 4.25% compared with 609,437 MT in FY2024. The increase in volume was driven by stronger demand across both the industrial paper and corrugated packaging segments. However, the benefit of higher sales volume was offset by lower average selling prices ("ASP"), particularly for corrugated cartons and boards, resulting in overall revenue remaining relatively unchanged.

Despite stable revenue, gross profit declined by RM10.18 million to RM157.89 million from RM168.07 million in FY2024, primarily due to the lower ASP of the Group's products.

Nevertheless, the Group delivered an improvement in EBITDA, which increased from RM49.42 million in FY2024 to RM58.11 million in FY2025. The increase was mainly attributable to:

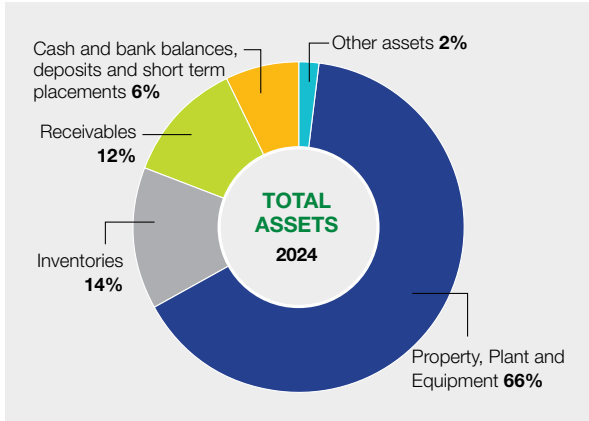
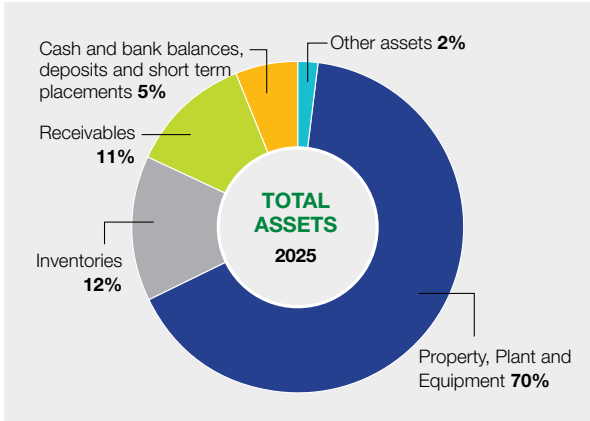
- A one-off gain of RM5.26 million from the disposal of assets classified as held-for-sale;
- A gain of RM4.84 million arising from the properties revaluation exercise; and
- Lower operating costs arising from ongoing operational optimisation initiatives.

The Group also benefited from lower waste paper prices and lower energy costs during the financial year. In addition, the fibre and waste recovery facility, which was completed and commenced operations in July 2025, contributed positively to production efficiency and cost savings. The facility enables the Group to recover usable fibre, reduce waste disposal costs and lower the volume of waste sent to landfill.

Supported by these cost optimisation measures, the Group's LBT reduced from RM65.00 million in FY2024 to RM62.08 million in FY2025.

While market conditions remained challenging due to pricing pressure, the Group's stronger operational performance and cost discipline provide a firmer platform for earnings recovery going forward.

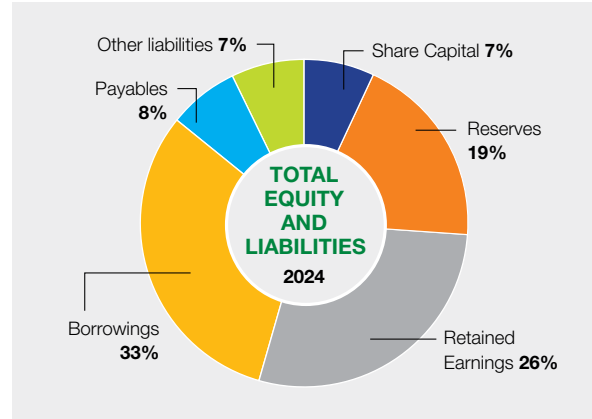
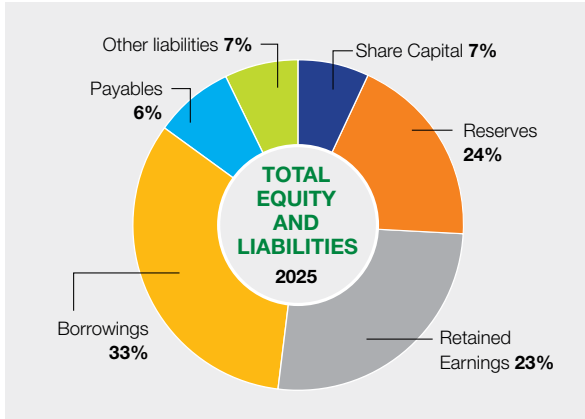
FINANCIAL POSITION



MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

FINANCIAL POSITION (CONT'D)



As at 31 December 2025, the Group's total assets increased to RM2.38 billion from RM2.31 billion in FY2024.

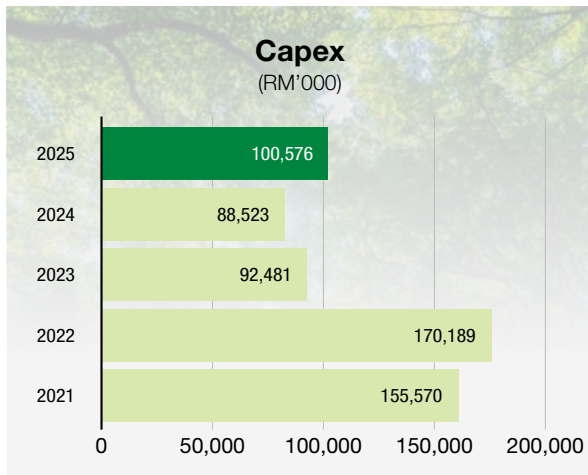
The increase was mainly attributable to a 4% increase in property, plant and equipment, which rose by RM0.16 billion to RM1.67 billion. This was primarily due to the revaluation exercise undertaken during the year in accordance with the Group's accounting policy.

The revaluation exercise increased the carrying value of the Group's property, plant and equipment by approximately RM0.17 billion. Consequently, the Group's reserves within equity increased by RM0.14 billion or 5% to RM0.56 billion.

The strengthening of the Group's asset base further enhanced shareholders' equity, with net tangible assets increasing to RM4.23 per share as at 31 December 2025 compared with RM3.96 per share in FY2024.

CAPITAL EXPENDITURE ("CAPEX")

The Group continues to adopt a prudent and disciplined approach towards capital expenditure, focusing on investments that strengthen operational efficiency, support future growth and enhance long-term competitiveness.



In FY2025, the Group invested RM100.58 million, bringing total capital expenditure over the five-year period from FY2021 to FY2025 to RM607.34 million.

The major investments undertaken during FY2025 comprised:

- Upgrading of paper and corrugator machines;
- Construction of the biomass steam boiler;
- Construction of a warehouse;
- Completion of the fibre and waste recovery facility; and
- Acquisition of strategic land for future business expansion.

The fibre and waste recovery facility was completed in the first half of FY2025 and commenced operations in July 2025. The investment is fully aligned with the Group's strategy to improve manufacturing efficiency, reduce production costs and strengthen environmental performance.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

CAPITAL EXPENDITURE (“CAPEX”) (CONT'D)

In addition, the Group has significantly reduced the amount of waste sent to landfill, further supporting its sustainability agenda.

The second biomass steam boiler is progressing according to schedule and is expected to be completed in the early part of the second half of FY2026. Upon completion, the boiler is expected to further reduce energy costs, enhance operating efficiency and strengthen the Group's long-term competitive position.

LIQUIDITY AND GEARING

The Group's cash and cash equivalents stood at RM78.22 million as at 31 December 2025, compared with RM89.05 million in FY2024.

The decrease of RM10.83 million was mainly attributable to lower cash generated from operating activities, largely due to higher repayments to trade and other payables amounting to RM20.09 million during the year.

Despite the reduction in cash balances, the Group maintained a healthy financial position. The Group's net debt-to-equity ratio, net of cash, remained unchanged at 0.50 times, reflecting prudent financial management and a balanced capital structure.

Total shareholders' funds stood at RM1.30 billion as at 31 December 2025.

GREEN PROJECT

The Group remains committed to reducing its environmental footprint and advancing towards its long-term carbon neutrality aspirations.

Following the progress reported in the previous Annual Report, the construction of the second biomass steam boiler at the Group's remaining paper mill is progressing on schedule and is expected to be completed in the second half of FY2026.

The new boiler will utilise fibre derived from oil palm plantations as an alternative fuel source. Upon completion, the project is expected to further reduce reliance on conventional energy sources, lower carbon emissions and accelerate the Group's progress towards achieving carbon neutrality ahead of its original target.

CHALLENGES AND RISKS

Shortage of Raw Material

The availability of recovered paper remains a key operational risk to the Group, as the majority of the Group's products are manufactured using recovered paper.

The emergence of new paper mills in recent years has intensified competition for locally sourced recovered paper, resulting in tighter supply conditions.

To mitigate this risk, the Group continues to work closely with its existing recovered paper agents to support their business continuity and strengthen long-term relationships. At the same time, the Group is actively expanding its network of collection agents in order to secure a stable supply of raw materials.

Where necessary, the Group will supplement local supply through imports from overseas markets.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

CHALLENGES AND RISKS (CONT'D)

Human Capital

The Group recognises that its employees are its most valuable asset and that its continued success depends on the capability, dedication and experience of its people.

The loss of key management and technical personnel could have an adverse impact on the Group's operations. Accordingly, the Group continues to place significant emphasis on succession planning, talent retention and employee development.

The Group will continue to invest in training and professional development, review the effectiveness of its recruitment processes, maintain competitive remuneration and benefits packages, uphold human and labour rights, and provide a safe and conducive working environment.

These initiatives are intended to strengthen the Group's ability to attract, develop and retain a high-quality talent pool.

Foreign Currency Risk

The Group is exposed to foreign currency exchange risk, primarily in relation to the United States Dollar ("USD"), as certain sales transactions and imports of raw materials are denominated in foreign currencies.

To mitigate this exposure, the Group undertakes foreign exchange risk management measures, including forward foreign currency purchases and swap arrangements.

The Group also benefits, to a certain extent, from a natural hedge, as both raw material purchases and sales are denominated in foreign currencies.

In addition, the Group continues to actively manage its foreign currency exposure through prudent procurement and purchasing arrangements with both local and overseas suppliers.

Geopolitical Risk

The Group's operations may be indirectly affected by geopolitical developments, including trade tensions, regional conflicts, sanctions, changes in tariff policies and disruptions to global shipping routes.

As the Group imports certain raw materials and machinery and also exports products to overseas markets, any escalation in geopolitical tensions could result in higher freight costs, longer lead times, supply chain disruptions and increased volatility in raw material prices and foreign exchange rates.

In particular, disruptions to major shipping routes, fluctuations in global energy prices and changes in trade regulations could adversely affect the Group's operating costs and ability to secure a timely supply of critical materials.

To mitigate these risks, the Group continues to diversify its supplier base.

PROFILE OF DIRECTORS

Dato' Azaman Bin Abu Bakar

DIMP

Executive
Chairman

Male | Malaysian | 79

Date of Appointment
19 March 1985

Dato' Azaman Bin Abu Bakar, DIMP, 79, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad as Executive Director on 19 March 1985.

Throughout the period from 19 March 1985 to current date, Dato' Azaman Bin Abu Bakar has held the following positions in the Company:

- Executive Director from 19 March 1985 to 21 October 1992
- Deputy Chairman from 22 October 1992 to 22 April 2004
- Managing Director from 23 April 2004 to 27 May 2018
- Executive Deputy Chairman from 28 May 2018 to 27 May 2025
- Executive Chairman from 28 May 2025 to current.

He is the Chairman of the Executive Committee and a member of the Sustainability Committee. Dato' Azaman also sits on the board of several local and foreign subsidiaries in the Group. At present, he is the President of the Malaysian Pulp & Paper Manufacturers Association.

He graduated from University of Malaya with a Bachelor of Arts Degree in 1969 and later obtained a Master in Management Degree from Asian Institute of Management, Manila in 1978. Dato' Azaman began his career as a marketing executive in Harper Gilfillan before joining the Urban Development Authority (UDA) in 1974. His last position in UDA was that of Director in charge of property management and marketing. He was awarded the Triple A AIM Alumni Achievement Award in February 2023 which is the highest recognition given by the Asian Institute of Management to its outstanding alumni.

Dato' Azaman is a major shareholder of Muda Holdings Berhad.

Dato' Azaman attended all five (5) Board Meetings held in 2025.



DIRECTORS' PROFILE

CONT'D

Datuk Wira Lim Chiun Cheong

DCSM, DPSM

Managing Director

Male | Malaysian | 62

Date of Appointment
23 April 2004

Datuk Wira Lim Chiun Cheong, DCSM, DPSM, 62, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 23 April 2004. Prior to assuming his present portfolio on 28 May 2018, he was the Executive Director in September 2005 until his re-designation to Deputy Managing Director in July 2006. He is a member of the Executive Committee and Sustainability Committee and sits on the board of several local and foreign subsidiaries in the Group. Currently, Datuk Wira Lim Chiun Cheong is responsible for the management of the Manufacturing and Trading Divisions of the Group.

Datuk Wira Lim Chiun Cheong graduated with a Bachelor of Science Degree from Arizona State University, USA and a Bachelor of Law Degree from the University of Birmingham, United Kingdom in 1986 and 1989 respectively. He was called to the English and Malaysian Bar in 1990 and 1991 respectively. He joined the Group as Legal Assistant in October 1991 before serving in various senior management positions in the Group from 1992 to 2005.

At present, Datuk Wira Lim Chiun Cheong is a National Council Member of the Associated Chinese Chamber of Commerce and Industry of Malaysia, Vice President of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor and a Committee Member of the Malaysian Pulp & Paper Manufacturers Association.

Datuk Wira Lim Chiun Cheong is the cousin of Ms Lim Siew Ling and Ms Lim Yen Wee, the Non-Independent Non-Executive Directors of the Company. Datuk Wira Lim Chiun Cheong is a major shareholder of the Company. He is deemed to have an interest in certain related party transactions in the Group as disclosed in this Annual Report.

Datuk Wira Lim Chiun Cheong attended all five (5) Board Meetings held in 2025.



DIRECTORS' PROFILE

CONT'D

**Wong
Choong Yee**Senior Independent
Non-Executive Director

Male | Malaysian | 65

Date of Appointment
21 August 2018

Mr Wong Choong Yee, 65, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 21 August 2018 as an Independent Non-Executive Director and is a member of the Audit Committee. Mr Wong Choong Yee has been a member of the Nomination Committee and Remuneration Committee since 28 November 2019. He was appointed Chairman of the Nomination Committee on 28 February 2023 and as the Senior Independent Non-Executive Director on 31 May 2023.

Mr Wong Choong Yee holds a Diploma in Commerce (Cost & Management Accounting) from Tunku Abdul Rahman College and is a member of the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants. He began his career in the accounting field in 1984 until 1988. From 1988 to 1994, he held several accounting positions in several public listed companies.

In 1995 he joined Unico Holdings Berhad where he held several senior management positions until he left in 2001 to join Unico-Desa Plantations Berhad as General Manager – Finance Cum Company Secretary.

His last position in Unico-Desa Plantations Berhad was that of General Manager – Risk Management when he left in 2007. He is currently the General Manager – Accounting Cum Company Secretary of Unico Holdings Berhad. He also sits on the board of several subsidiaries of Unico Holdings Berhad.

Mr Wong Choong Yee does not hold any shares in the Company and its subsidiaries.

Mr Wong Choong Yee attended all five (5) Board Meetings held in 2025.



DIRECTORS' PROFILE

CONT'D

Lim Siew Ling

Non-Independent
Non-Executive Director

Female | Malaysian | 55

Date of Appointment
1 January 2020

Ms Lim Siew Ling, 55, a Malaysian, Female, was appointed to the Board of Muda Holdings Berhad as a Non-Independent Non-Executive Director on 1 January 2020.

Ms Lim Siew Ling holds a Bachelor of Business Administration from the University of Texas at San Antonio, Texas, United States of America and a Master of Business Administration from Oklahoma City University, Oklahoma, United States of America.

Ms Lim Siew Ling joined the Muda Group in January 2006 as Deputy General Manager in Intrapac Trading (M) Sdn Bhd and was the General Manager of Intra-Muda Holdings Sdn Bhd from July 2016 to December 2019. At present, she is the Senior General Manager of Intra-Muda Holdings Sdn Bhd. Ms Lim Siew Ling also sits on the board of several local and foreign subsidiaries in the Group.

Prior to joining the Muda Group, Ms Lim Siew Ling was with Expeditors International of Washington Inc. as Regional Account Manager based in Singapore from April 2003 to December 2005. From 1999 to 2001 she was with Expeditors (M) Sdn Bhd as Territory Sales Manager and Route Development Manager.

Ms Lim Siew Ling is the cousin of Datuk Wira Lim Chiun Cheong, the Managing Director of the Company and Ms Lim Yen Wee, a Non-Independent Non-Executive Director of the Company. Ms Lim Siew Ling is deemed a major shareholder of the Company.

Ms Lim Siew Ling attended all five (5) Board Meetings held in 2025.



DIRECTORS' PROFILE

CONT'D

**Lim
Yen Wee**Non-Independent
Non-Executive Director

Female | Malaysian | 43

Date of Appointment
1 January 2020

Ms Lim Yen Wee, 43, a Malaysian, Female, was appointed a Non-Independent Non-Executive Director of Muda Holdings Berhad on 1 January 2020. She was appointed Chairman of Sustainability Committee on 26 February 2025.

She joined Muda Paper Mills Sdn Bhd, Tasek, Penang as an Intern in 2013 and served as Deputy General Manager from January 2014 to December 2019. She was the Senior General Manager of Muda Paper Converting Sdn Bhd from January 2020 to June 2024. At present, she is the Senior General Manager of Muda Paper Mills Sdn Bhd – Tasek. Ms Lim Yen Wee also sits on the board of several local and overseas subsidiaries in the Group.

Prior to joining Muda Paper Mills Sdn Bhd, she was the Practical Demonstrator of Undergraduate Students and Researcher in Department of Chemistry at the University of Melbourne, Australia from 2005 to 2012.

Ms Lim Yen Wee holds a Bachelor of Biomedical Science Degree and Bachelor of Science (Honors) Degree from the University of Melbourne which she obtained in 2004 and 2005 respectively. In August 2021, she completed a six weeks on-line course on Circular Economy and Sustainability Strategies organized by The University of Cambridge, United Kingdom.

Ms Lim Yen Wee is the cousin of Datuk Wira Lim Chiun Cheong, the Managing Director of the Company and Ms Lim Siew Ling, a Non-Independent Non-Executive Director of the Company. Ms Lim Yen Wee is deemed a major shareholder of the Company.

Ms Lim Yen Wee attended all five (5) Board Meetings held in 2025.

DIRECTORS' PROFILE

CONT'D

Dato' Tan Tian Meng

DBNS, ANS

Independent
Non-Executive Director

Male | Malaysian | 62

Date of Appointment
3 January 2023

Dato' Tan Tian Meng, DBNS, ANS, 62, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 3 January 2023 as an Independent Non-Executive Director and has been a member of the Audit Committee, and Nomination Committee and Remuneration Committee since 28 February 2023; apart from being the Chairman of the Remuneration Committee since 31 May 2023.

Dato' Tan graduated with a Bachelor of Civil Engineering Degree (Honours) from the University of Malaya in 1988 and is a member of Institute of Engineers Malaysia and Malaysian Energy Profession Association.

Dato' Tan has honed his insights in the construction and property development industries for over 37 years. Dato' Tan began his career at Kumpulan Bistari Sdn Bhd in 1988 as Project Manager until 1993. Subsequently he joined Sunnisa Sdn Bhd as a Project Director in 1993, a position he held until to-date. He was the Chief Executive Officer in Citic Sunsuria Sdn Bhd from 1 January 2018 until 30 June 2022.

Dato' Tan was appointed an Independent Non-Executive Director of Bank of China (Malaysia) Berhad on 7 June 2024. He is the Chief Executive Officer and Director of the Malaysia-China Business Council and is also the Managing Director of Rentak Flora Sdn Bhd. At present, he is a Director of the Malaysian Industry-Government Group for High Technology (MIGHT) and ACCCIM Qinzhou Industrial Park Administration Sdn Bhd.

Dato' Tan is also actively involved in and hold various positions in the Chinese Chambers of Commerce. At present he is:

- Executive Council Member of the National Chamber of Commerce and Industry of Malaysia (NCCIM);
- Senior Advisor of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and is the Vice Chairman of the Malaysia China Economic and Trade Promotion Committee of ACCCIM; and
- Vice President of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI). He is the Advisor of National Unity Committee and the Malaysia-China Economic Trade and Investment Promotion Committee of KLSCCCI.

He does not hold any shares in the Company and its subsidiaries.

Dato' Tan Tian Meng attended all five (5) Board Meetings held in 2025.



DIRECTORS' PROFILE

CONT'D

Dato' Hazli Bin Ibrahim

DIMP, FCCA, MBA

Independent
Non-Executive Director

Male | Malaysian | 62

Date of Appointment
6 April 2023

Dato' Hazli Bin Ibrahim, DIMP, FCCA, MBA, 62, a Malaysian, Male, joined the Board of Muda Holdings Berhad on 6 April 2023 as an Independent Non-Executive Director. He was appointed Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee on 31 May 2023.

He graduated with a Bachelor of Finance and Accounting Degree from the University of East London in 1986 and is a Fellow of the Association of Chartered Certified Accountants. He also holds an MBA (Finance) from Bayes Business School, City St George's, University of London, United Kingdom which he obtained in 1994.

He started his career in London as an Audit Senior with several chartered accountant firms. Upon his return to Malaysia in August 1994, he joined Aseambankers Malaysia Berhad, the investment arm of Malayan Banking Berhad as Manager in the Corporate Finance Division.

Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad as Assistant General Manager and left in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as Head of Corporate Planning and Corporate Services Division. He left Danaharta in October 2022 to set up Haz-iq Capital Sdn Bhd, a consultancy firm specializing in corporate finance where at present he is the Managing Director. He is a Non-Independent Non-Executive Chairman of Lebtech Bhd.

He does not hold any shares in the Company and its subsidiaries.

Dato' Hazli Bin Ibrahim attended all five (5) Board Meetings held in 2025.

Save as disclosed above, none of the Directors has:

- (i) Any family relationship with any Director and/or major shareholder of the Company; and
- (ii) Any conflict of interest in any business arrangement involving the Company.

The above Directors have not been convicted of any offences within the past five (5) years other than traffic offences, if any, and have not been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year 2025.

PROFILE OF KEY MANAGEMENT

Teoh Hai Thow

Male | Malaysian | 53

Teoh Hai Thow joined the Group as an Executive Director and as a minority shareholder of Intrapac (Singapore) Pte Ltd in January 1998. He oversees the Intrapac (Singapore) Pte Ltd Group of businesses which include marketing of paper products, stationery distribution and school bookshop business. He also sits on the board of several foreign subsidiaries in the Group.

Prior to joining the Group, Hai Thow worked in United Paper Industries Pte Ltd, a subsidiary of United Pulp & Paper Co. Ltd as an Accounts Clerk-cum-Assistant Finance & Administration Manager from April 1991 to April 1997.

Hai Thow holds a Diploma in Accounting.

Loo Ee Fah

Male | Malaysian | 55

Loo Ee Fah was one of the senior management staff of Pacific Bookstores Pte Ltd when Intrapac (Singapore) Pte Ltd acquired an interest in Pacific Bookstores Pte Ltd in 2011. He has been the Executive Director of Pacific Bookstores Pte Ltd since February 2013 and also sits on the board of several foreign subsidiaries in the Group.

Prior to joining the Group, Ee Fah was the Operations Manager of United Paper Industries Pte Ltd from 1996 to 2005 prior to his departure to join United Aviation Pte Ltd as one of the senior staff to set up the business of aircraft hardware distribution to airlines in Southeast Asia until October 2010.

Ee Fah holds an Advance Diploma in Supply Chain Management.

Both Hai Thow and Ee Fah do not have any family relationship with any other directors and/or major shareholders of the Company. There are no business arrangements with the Company in which they have personal interests.

Both Hai Thow and Ee Fah have not been convicted of any offences other than traffic offences within the past five (5) years and do not have any public sanction or penalty imposed on them by any regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board presents this Corporate Governance Overview Statement (“the Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Group under the leadership of the Board of Directors (“the Board”) for the financial year ended 31 December 2025 (“FY2025”). The overview takes guidance from the following three (3) key principles set out in the Malaysian Code of Corporate Governance issued by the Securities Commission on 28 April 2021 (“the Code”):

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

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and shall be read in tandem with the Corporate Governance Report (“CG Report”) of the Company, which provides the details of how the Company has applied each practice as set out in the Code. The CG Report is available on the Company’s website at www.muda.com.my.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1.1. Board Responsibilities

The Board assumes responsibility for effective stewardship and control of the Company and provide strategic guidance for the Company and effective oversight of Management. The Board also oversees the overall strategy and business direction of the Group which includes reviewing and approving strategic plans and key business initiatives, corporate governance, sustainability governance, internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behavior. While the Board sets the strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions with the Independent Directors ensuring corporate accountability by providing unbiased and independent view and judgement and challenged Management’s assumption and projections in safeguarding the interests of the stakeholders.

The duties and responsibilities of the Board are set out in the Board Charter, which is available on the Company’s website at www.muda.com.my.

During FY2025, the Board monitored the performance of the operating units and measured achievements against budgets, reviewed and adopted the Group’s financial results on quarterly and annual basis, have considered and approved investments/projects, reviewed and adopted the Group’s financial budgets, monitored the Group’s gearing and debt service cover ratios, adopted the National Sustainability Reporting Framework for sustainability reporting and ensured that operations of the Group were sound.

1.2 Demarcation of Responsibilities between Board, Board Committees and Management

To ensure the effective discharge of its functions and responsibilities, the Board delegates the implementation and monitoring of business and operational initiatives, risk management and internal controls system to the Management and the Board is constantly updated on significant operational and regulatory challenges faced.

In furtherance of the Board’s governance role and for the effective discharge of the Board’s functions and responsibilities, Board Committees namely, the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Sustainability Committee (“SC”) have been established. These Board Committees operate under their clearly defined terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of deliberations of the Committee meetings.

The Terms of References of the respective Board Committees are available on the Company’s website at www.muda.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1.3 Board Charter**

The Board Charter sets out how the role, powers and responsibilities of the Board, Board Committees and individual directors are to be exercised, having regard to the principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation in discharging its duties and responsibilities. The Board Charter also outlines the procedures and practices for an effective Board.

The Board Charter was reviewed and updated in August 2025 to include sustainability matters and to ensure that the Board Charter continues to remain appropriate for the Board in discharging its duties. The Board Charter is available on the Company's website at www.muda.com.my.

1.4 Chairman of the Board

The Chairman of the Board is responsible for leading the Board in setting the values of the Company and in adopting and implementing good corporate governance best principles and practices and ensure effective communication with shareholders and other stakeholders. As a facilitator during Board meetings, he promotes a culture of openness by encouraging active and effective engagement among all directors to ensure that no individual or group of individuals dominate Board discussions. Beyond that, he acts as a liaison between the Board and Management as well as to foster an effective communication channel with shareholders on Group performance matters.

On 28 May 2025, Dato' Azaman Bin Abu Bakar was appointed as Executive Chairman of the Company following the resignation of Tan Sri Lim Guan Teik as Director and Chairman. As Executive Chairman, he is responsible for instilling good corporate governance practices, leadership and effectiveness of the board to strengthen the Group's resilience, enhance stakeholder engagement and drive long-term value creation. The duties and responsibilities of the Chairman are stated in the Board Charter.

1.5 Position of Executive Chairman and Managing Director

The position of the Executive Chairman and Managing Director are separately held to ensure balance of power and accountability and division of roles and responsibilities of the Board and the management of the Group's business and operations.

The Executive Chairman is primarily focused on leading the Board to ensure the effective discharge of director's duties and responsibilities, while the Managing Director is responsible for the day-to-day management of the Group's business and operations. The details of the responsibilities of the Executive Chairman and Managing Director are clearly defined in the Board Charter.

1.6 Chairman of the Board and Board Committee

The Code provides that Chairman of the Board should not be a member of the AC, NC or RC in order to preserve the independence of these committees and avoid any potential conflict of interest. Currently, the Chairman of the Board is not a member of the AC, NC and RC. This separation of roles ensures that the Board maintains a clear distinction between oversight and executive functions, thereby strengthening the integrity of the governance framework and ensuring that deliberations are conducted in a fair, objective and transparent manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1.7 Suitably Qualified and Competent Company Secretary**

During the FY2025, the Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary attends all the Board and Board Committee meetings to advise and to ensure compliance with relevant legislation and regulations on matters related to corporate governance and the Directors' responsibilities. This includes ensuring good information flow within the Board and its committees, between Management and the Non-Executive Directors, facilitating the communication of key decisions and policies between the Board, Board Committees and Management.

1.8 Meetings & Meeting Materials

Both the Board and Board Committee met on a regular basis with meetings being scheduled in advance in consultation with the Directors to ensure optimal attendance. Ad hoc meetings were held as and when urgent issues and important decisions were required in between the scheduled meetings.

Notice of meetings were sent at least fourteen (14) calendar days ahead of a board and committee meeting. To facilitate discussion flow and to enable them to make informed decision, all Directors were provided with management reports, financial performance updates and proposal papers at least five (5) business days before of the date of a board and committee meeting to provide ample time for the Directors to review issues that are to be deliberated at these meetings.

Senior Management and external auditors were invited to attend board and board committee meetings to render their professional opinions on issues under their respective purview.

Board meetings were conducted based on a formal agenda with adequate time allocated for deliberation and proper record of minutes kept by the Company Secretary. Decisions reached, policies approved and follow up actions arising from board meetings will be communicated to Management for follow up action after the board meetings.

For FY2025, five (5) board meetings were held and details of attendance of Directors at the Board Meetings were as follows:

Name of Directors	No. of Meetings Attended
Dato' Azaman Bin Abu Bakar	5/5 (100%)
Datuk Wira Lim Chiun Cheong	5/5 (100%)
Mr Wong Choong Yee	5/5 (100%)
Ms Lim Siew Ling	5/5 (100%)
Ms Lim Yen Wee	5/5 (100%)
Dato' Tan Tian Meng	5/5 (100%)
Dato' Hazli Bin Ibrahim	5/5 (100%)
Tan Sri Lim Guan Teik (Resigned on 28 May 2025)	3/3 (100%)

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings stipulated under the MMLR of Bursa Malaysia of a minimum of 50% attendance.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated by amongst others, the attendance and time spent at the Board and Board Committee meetings by Directors during the FY2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. Good Business Conduct and Corporate Culture****2.1 Code of Business Conduct and Ethics**

The Code of Business Conduct and Ethics sets out Directors' oversight responsibility in the best interest of the Company within the scope of their authority and fiduciary duties. Directors must avoid their personal or business interest – whether directly or indirect – to conflict with the interests of the Company. If a conflict arises, Directors must promptly disclose such interest by submitting a written notice that details such interest or nature of conflict, thus recusing himself/herself from participating in any discussion and/or decision where the conflict of interest arises. Additionally, the Group has another set of Code of Conduct which sets out the business practices, standards and ethical conduct expected of all officers and employees in the course of their employment.

At the beginning of each calendar year, all Directors made written disclosure of their interest and position in corporations and firms pursuant to Section 221(4) of the Companies Act, 2016 which were duly read and noted at the first board meeting of a calendar year.

The Code of Business Conduct and Ethics and the Directors' Code of Conduct are available on the Company's website at www.muda.com.my.

2.2 Directors' Fit and Proper Policy

The Company has a Directors' Fit and Proper Policy to ensure that individual who possesses the right qualification, expertise, competence and integrity is appointed as director of the Group. All candidates to be appointed and seeking for re-election as directors of the Group, shall undergo a review of fit and properness by the Board in accordance with the Directors' Fit and Proper Policy.

All Directors of the Group who sought for re-election in FY2025, have completed the Declaration Form for A Director of Muda and Its Subsidiaries which were reviewed by the NC. The Board accepted the conclusion of the NC that the directors seeking re-election were fit and appropriate to be re-elected as directors of the Company and/or its subsidiary companies.

The Directors' Fit and Proper Policy is available on the Company's website at www.muda.com.my.

2.3 Anti-Bribery and Anti-Corruption Policy

To observe high standards of business integrity, professionalism and ethical conduct, the Board has set up an Anti-Bribery and Anti-Corruption Policy in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act, 2009. Under this Section 17A, a commercial organization (including listed issuer) may be found liable for acts of corruption committed by any persons associated with the organization, such as its directors and employees.

In line with the said anti-graft policy, both Directors and employees must refrain from authorizing, offering, giving or receiving any gifts or form of benefits (in kind, cash, advantages and/or favor, etc) from individuals or entities that have business dealings with the Company.

The Anti-Bribery and Anti-Corruption Policy is available on the Company's website at www.muda.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. Good Business Conduct and Corporate Culture (Cont'd)****2.4 Whistleblowing Policy**

The Group has adopted a Whistleblowing Policy with well-defined procedures to provide a secure and confidential channel for stakeholders to report and disclose on improper misconduct, breach or suspected breach of law or regulation without fear of punishment or unfair treatment or reprisals. Reports submitted through the designated channel will be handled by the Whistleblowing Committee to ensure a prompt, fair and impartial investigation. The Whistleblowing Policy & Procedures is embedded in the Group's Employment Manual. During FY2025, there were no reports of malpractices and misconduct.

The Whistleblowing Policy was reviewed and updated in February 2026 and is available on the Company's website at www.muda.com.my.

2.5 Conflict of Interest Policy

In February 2025, the Board established a Conflict of Interest Policy to manage potential conflict situations between a director and the Company and its' subsidiaries in line with the requirements of the Companies Act 2016, the Capital Market and Services Act 2007, Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the Securities Commission and the MMLR of Bursa Malaysia.

3. Board Composition**3.1 Composition of the Board**

On 28 May 2025, the composition of the Board was changed with the resignation of Tan Sri Lim Guan Teik and appointment of Dato' Azaman Bin Abu Bakar as Executive Chairman. The Board now has seven (7) Directors comprising two (2) executive members and five (5) non-executive members, three (3) of whom are independent. The Independent Non-Executive Directors accounted for 42.86% of the Board members which is in line with Paragraph 15.02 of the MMLR of Bursa Malaysia.

Cognisant of the recommendation by the MCCG for the Board to comprise at least half of independent directors, the NC constantly assessed the composition and size of the Board to ensure it meets the needs of the Company. In the latest annual evaluation, the Board and the NC expressed satisfaction that the current size of the Board is adequate to ensure effective board governance and decision-making and that the current Board members have the required range of talents, experience and knowledge to accomplish its roles and a diversity of background and distinguished records of leadership to make substantial contributions to the effective functioning of the Board. All the independent non-executive directors have at least one (1) committee assignment.

3.2 Directors' Training

The Board recognises that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas to their duties and to ensure that they are equipped with the necessary skills and knowledge to meet the challenges faced by the Board. Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training to maintain the skills required to discharge their obligations to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

3. Board Composition (Cont'd)

3.2 Directors' Training (Cont'd)

The particulars of the training attended by all of the Directors during FY2025 are as follows:

Director	Training Attended
Dato' Azaman Bin Abu Bakar	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II – Leading for Impact conducted by Institute of Corporate Directors Malaysia
Datuk Wira Lim Chiun Cheong	<ul style="list-style-type: none"> Malaysia–Singapore Chinese Chamber of Commerce Business Forum 2025 by the Associated Chinese Chambers of Commerce and Industry of Malaysia ASEAN AI Business Summit 2025 by the Associated Chinese Chambers of Commerce and Industry of Malaysia Inaugural ASEAN Chinese Business Leaders Summit 2025 by the Associated Chinese Chambers of Commerce and Industry of Malaysia ESG Forum: Profit With Purpose by the Chinese Chamber of Commerce and Industry of Kuala Lumpur & Selangor JC3 SFG Conference for SMEs 2025: Building Climate Resilience: Practical Actions for SMEs by SME Focus Group
Mr Wong Choong Yee	<ul style="list-style-type: none"> E Invoicing Implementation by Property Developers, Contracts and Related Industries by Malaysian Institute of Accountants Advanced Corporate Tax Issues and Strategies – Inclusive of Latest Tax Developments and Updates on Budget 2026 by Malaysian Institute of Accountants
Dato' Hazli Bin Ibrahim	<ul style="list-style-type: none"> Audit Committee Conference 2025 – Navigating Risk, Driving Resilience by Malaysian Institute of Accountants and The Institute of Internal Auditors Fortune Innovation Forum 2025 by Fortune Audit Oversight Board Conversation with Audit Committee by Securities Commission Malaysia AI – Powered Leadership Conference by Asia School of Business
Ms Lim Siew Ling	<ul style="list-style-type: none"> Live Board Simulation 2025 - Strengthening Boardroom Decision Making in Times of Crisis by Institute of Corporate Directors Malaysia Audit Committee Conference 2025 – Navigating Risk, Driving Resilience by Malaysian Institute of Accountants and The Institute of Internal Auditors AI at the Helm – How Directors Can Govern the Future by Institute of Corporate Directors Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**3. Board Composition (Cont'd)****3.2 Directors' Training (Cont'd)**

The particulars of the training attended by all of the Directors during FY2025 are as follows (Cont'd):

Director	Training Attended
Dato' Tan Tian Meng	<ul style="list-style-type: none"> • Trump, The US Dollar and the International Monetary System – What's Next by Asia School of Business • Biodiversity for Business – Understanding Impacts and the Need for Action by Asia School of Business • Special Lecture on Global Events & Financial Industry Outlook by Financial Institutions Directors' Education Forum • Net Zero Transformation Planning, Methodology and Peer Practice Sharing by Bank of China (Malaysia) Berhad • Financial Institutions Directors' Education Programme – Module A & B (Bank) by Asia School of Business • Fundamental of the Anti-Bribery and Corruption Legal Framework in Malaysia by Bank of China (Malaysia) Berhad • AMLA 2001 & MACC Act 2009 AML/CFT & TFS: Adopt, Evolve, Transform Towards an Effective Compliance by Bank of China (Malaysia) Berhad
Ms Lim Yen Wee	<ul style="list-style-type: none"> • In-House Training on: <ul style="list-style-type: none"> - Management System Documentation - Talent Management and Succession Planning - Combating and Eradicating All Types of Harassment at the Workplace - Effective Safety and Health Committee

3.3 Tenure of Independent Directors

The Board has through its Board Charter sets the tenure of an Independent Non-Executive Director to not exceeding a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification for the retention and seek annual shareholders' approval via two-tier voting. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to being re-designated as a Non-Independent Director.

During the year, none of the Independent Non-Executive Director have served on the Board for a cumulative term exceeding nine (9) years.

Independent Directors are subject to an independent assessment by the NC and the Board during annual assessment. All the Independent Directors have provided annual declaration of the Director's independence to the Board. The NC and the Board have assessed and were satisfied that none of the Independent Directors had any relationship that could materially interfere with, or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company and concluded that the Independent Directors of the Company had continued to remain independent.

3.4 Appointment and Re-election of Board Members

The NC placed emphasis on the candidate's qualification, character, skills, expertise, experience, professionalism, integrity, competence and time availability. Additionally, the candidate is also evaluated on his/her knowledge of the Company's business/industry, compatibility with other Board members and willingness to devote time and effort to the Board and considering an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. The criteria for selection and recruitment of new Director are set out in the Directors' Fit and Proper Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**3. Board Composition (Cont'd)****3.4 Appointment and Re-election of Board Members (Cont'd)**

The Company's Constitution provides that at every Annual General Meeting ("AGM") of the Company, one-third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office and shall be eligible for re-election. New Directors are subject to re-election at an AGM in the year following their appointment.

Dato' Tan Tian Meng and Dato' Hazli Bin Ibrahim will be seeking re-election in accordance with Article 81 of the Company's Constitution at the forthcoming AGM of the Company.

The profiles of the Directors who are standing for re-election at the forthcoming AGM are set out in the Board of Directors' Profile in this Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" in this Annual Report. No individual other than the retiring Directors are seeking election as a director at the forthcoming AGM.

3.5 New Candidates for Board Appointment

Regarding identifying potential candidates for appointment of directors, the Board had in the past relied on recommendations from its existing Board Members and Management as these internal sources can provide more reliable recommendations especially pertaining to the suitability of the candidate in terms of understanding and knowledge of the Group's industry and business. Nevertheless, the Board will not rule out the use of independent sources to identify suitably qualified candidates in the future.

3.6 Gender Diversity

The Board adopted a policy that the Board shall have at least one (1) Women Director in its Board composition. The Board has two (2) female Non-Independent Non-Executive Directors. The Board is supportive of gender diversity in the Board composition and at senior management level with participation of women in senior management positions. It recognises how a diverse Board in the Company could offer greater depth and breadth of perspectives, leading to better collective decisions. Beyond gender, the Board strives to achieve and maintain a culture of diversity – not only on gender per se – but also skill sets, experience, ethnicity, age, background and other personal attributes.

3.7 Nomination Committee

The NC is responsible for regularly reviewing the structure, size and composition of the Board including the skills, knowledge, experience and diversity of the directors. It is also responsible for identifying and nominating potential candidates to be appointed as Directors, as the need may arise.

The NC is tasked to assist the Board by ensuring the availability of a right mix of skills, knowledge, experience, qualities, gender, age and other attributes that are relevant and can contribute to the effective functioning of the Board and the NC has its own set of Terms of Reference which deals with its authority and duties.

The NC comprises of three (3) Independent Non-Executive Directors. All the members attended the two (2) NC Meetings held in 2025. The NC reviewed the attendance of all Board and Committee members, the composition of Independent Directors, Board composition and size and talent, knowledge and the age, qualification, skill sets and experience of the directors, conducted Board/Committees and members' evaluation and assessed Directors' training needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**3. Board Composition (Cont'd)****3.7 Nomination Committee (Cont'd)**

In May 2025, the NC considered the resignation of Tan Sri Lim Guan Teik as Director and Chairman of the Company and the recommendations of the NC to the Board to accept the resignation of Tan Sri Lim Guan Teik as Director and Chairman of the Company and the appointment of Dato' Azaman Bin Abu Bakar as the Executive Chairman were accepted by the Board.

During the year, the NC considered and assessed the qualification, competence, character and suitability of directors seeking re-election in accordance with the Company's Directors' Fit & Proper Policy and the recommendation of the NC to the Board that the directors seeking re-election were fit and appropriate to be re-elected as directors of the Company and/or its subsidiary companies were accepted by the Board.

4. Overall Board Effectiveness**4.1 Annual Evaluation**

For FY2025, the Board through the NC and with the assistance of the Company Secretary undertook a formal review of the Board's performance and that of its Board Committees. Board members evaluated and completed a comprehensive set of questionnaires with the aim to assess the effectiveness of the Board, both as a collective unitary Board, and at individual board members level to enable the NC and the Board to determine the best course of actions to be adopted to take the Board to the next level of effectiveness. The performance of each of the Board Committees were also assessed.

To ensure unbiased assessment, the evaluation process was managed by the Company Secretary, who distributed the questionnaire to each Director as well as collected the duly completed forms from each Director prior to submitting them to the Chairman of NC. With the assistance of the Company Secretary, the Chairman of the NC prepared a report on the outcome of the performance evaluation with feedback provided to the Board for further discussion and necessary action. The results of the annual assessment of performance of the Board and Board Committees as well as individual Director's self/peer assessment were reported and noted by the Board on 27 February 2026.

Since the members of the NC are also members of the AC, the evaluation of the performance of the AC and each of its members was undertaken by the Board. The review of the terms of office and performance of the AC and its members in 2025 which was in accordance with Paragraph 15.20 of the MMLR of Bursa Malaysia revealed that the AC and its members have carried out their duties in accordance with the Terms of Reference of the AC.

5. Remuneration**5.1 Remuneration Policy**

The RC reviewed the remuneration of the Directors and Senior Management annually and submitted its recommendations to the Board on specific adjustments and/or reward payments that reflected their respective contributions throughout the year, and were also competitive and in tandem with the Group's objectives to ensure that the level of remuneration of Senior Management commensurate with the skills and responsibilities expected. The RC and the Board ensured that the remuneration package for the Directors remained competitive to attract and retain Directors of high caliber who possess the necessary skills and experience.

A key element of the remuneration policy is to structure the component of remuneration for Executive Directors by linking rewards to financial performance and long-term objectives of the Group aside from individual performance. As such, the remuneration package for Executive Directors takes the form of basic salary, fees, allowances, bonuses and other benefits-in-kind payments. On the other hand, the remuneration of Non-Executive Directors is linked to their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Their remuneration package comprises fees, attendance allowances and benefits-in-kind that commensurate with their roles, duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**5. Remuneration (Cont'd)****5.1 Remuneration Policy (Cont'd)**

The details of the Directors' and Key Management's remuneration for FY2025 are disclosed in the CG Report which is available on the Company's website at www.muda.com.my.

5.2 Remuneration Committee

The RC is primarily responsible for determining and recommending to the Board the remuneration package of the Executive Directors of the Company. The RC consists entirely of Independent Non-Executive Directors. All the members attended the one (1) RC Meeting held in FY2025 to review and deliberate the recommendations on bonuses and salary increment of Senior Management and the remuneration package of the Executive Directors and made its recommendations to the Board for approval.

6. Sustainability

The Board is responsible to ensure that the Group has in place sustainability strategies which are aligned with the Group's strategic direction and long-term objectives. The Board is supported by the SC who is responsible to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

Ms Lim Yen Wee was appointed as Chairman of the SC on 26 February 2025. The SC continued to play a significant role in overseeing the Group's sustainability agenda including climate-related risks and opportunities, stakeholder engagement and alignment with ESG principles. The SC convened two (2) meetings, with full attendance by all the members. The Group's Climate Change Risk Assessment Report and Sustainability Statement were reviewed by the SC and approved by the Board.

Further information on the Company's approach to sustainability are disclosed in the Sustainability Statement in this Annual Report.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT**7.1 Effective and Independent Audit Committee**

The AC has a key role in the oversight of the effectiveness of the risk management and internal control systems within the Group. Its key function is to assist the Board to assess the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict-of-interest situation and related party transactions. The Chairman of the AC reports to the Board on any significant audit findings deliberated by the AC which would require Board's attention and approval for implementation. The AC also monitors compliance with established policies and procedures and assess the suitability, objectivity and independence of both external and internal auditors.

7.2 Members, Chairman and Terms of Reference of AC

The AC is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board. Having the position of AC Chairman and Board Chairman assumed by different individuals allows the Board to review the AC's findings and recommendations objectively.

The AC comprises of three (3) Independent Non-Executive Directors. The role and responsibilities of the AC are governed by its Terms of Reference. The term of office and performance of AC and each of its members are reviewed annually by the Board to ensure AC and its members have carried out their duties in accordance with the Terms of Reference of the AC. The details on AC membership, AC meetings and how the AC carried out its roles and responsibilities during FY2025 are set out in AC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**7.3 Assessment of External Auditors**

The Board maintains a transparent relationship with external auditors, with AC responsible for recommending the appointment or removal of external auditors and the terms of their engagement to the Board.

Prior to the commencement of the annual audit, the AC shall seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. This confirmation was made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

In FY2025, the external auditors had one (1) meeting with the AC without the presence of executive board members to exchange views and opinions in relation to the Group's audit and financial reporting. The AC also undertook an annual assessment of the suitability and independence of the external auditors as well as the performance of the external auditors, including the review of caliber of the audit firm, quality of process, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. The annual assessment also ensures that provision of other non-audit services by the external auditors is not conflict with their audit function. The review showed that the non-audit fees did not impair or threatened the audit independence of external auditors as the amount was not significant as compared to the total audit fees paid to external auditors.

The AC has also sought assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Based on the AC's assessment of the external auditors, the Board is satisfied with the quality of service and adequacy of resources provided by the external auditors in carrying out the annual audit for FY2025. In view thereof, the Board has recommended the re-appointment of the external auditors for the approval of the shareholders at the forthcoming AGM.

7.4 Risk Management and Internal Control Framework

The Group maintains and operates a sound system of risk management and internal control to ensure that the probability of misstatement or loss is at minimum level. Such system is designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and also regularly review the effectiveness of the Group's risk management and internal control system in areas of financial, operational, strategic and compliance risks and reviewing the half yearly risk management reports from the Management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly addressed and remedied and indicate a need for more extensive monitoring.

The AC assists the Board in discharging its review responsibilities. A formal risk identification and assessment exercise has been carried out resulting in risks register summarising the key risks, potential impact and the mitigating factors or control in place. In this respect, the Internal Audit Department assists the Group in evaluating the effectiveness of the Group's risk management and internal control processes.

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Group's approach to ensure the effectiveness of risk management and internal control processes within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**8. Continuous Communication Between the Company and Stakeholders**

The Board recognises the importance of being transparent and accountable to its stakeholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public.

The Company's website at www.muda.com.my under the "Investor Relations" section provides all relevant information to stakeholders and the investing community which includes all the announcements released to Bursa Malaysia, the Company's Annual Report, quarterly results, Board Charter, Terms of Reference of Board Committees and relevant policies of the Group and other corporate information.

Whenever possible, the Company conducts briefings/meetings with analysts and financial institutions, with the aim to develop and maintain positive relations with all stakeholders through active two-way communication, as well as promoting transparency with timely, accurate and full disclosures. Briefings/meetings with analysts on Group's financial results were usually held to coincide with the announcement of the Company's quarterly financial performance. These activities also serve to enhance stakeholders' understanding of the Group, thereby enabling them to make informed decisions when valuing the Company's shares. Shareholders and members of the public can also email their queries to the Company at invest-info@muda.com.my or via mail to Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Board believes that Annual General Meeting ("AGM") is the principal forum for shareholders to raise questions or to seek clarification on the operations and financial performance of the Group in the presence of Board members, the management team and the external auditors. Shareholders were informed of the date, time and venue of the 54th AGM through the Notification Letter to Shareholders from the Chairman with information on availability of the Notice of 54th AGM and Proxy Form, Annual Report 2024, the Corporate Governance Report 2024, the Administrative Details for 54th AGM at the Company's website at www.muda.com.my

9. Shareholders Participation at General Meeting

The AGM of the Company serves as the principal forum which provides the opportunity for shareholders to raise concerns or questions. The Company convened its 54th AGM physically on 25 June 2025 at Ballroom 1, Level 3D, Sheraton Petaling Jaya Hotel, Lorong Utara C, PJS 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

Notice of and Administrative Guide for the 54th AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website more than 28 days before the 54th AGM. This allowed shareholders sufficient time to review the Company's financial and operational performance and to make the necessary arrangement to participate in the 54th AGM either in person or by proxies. The Company's Constitution allows shareholders the right to appoint not more than (2) two proxies to attend and vote on their behalf in shareholders' meetings.

Shareholders were provided with clear and easy-to-follow instructions on how to participate in the 54th AGM. They were also invited to submit questions before the meeting in relation to the agenda items in the Notice of 54th AGM or to raise their questions directly during the 54th AGM.

To ensure effective participation of and engagement with shareholders at the 54th AGM, all members of the Board, the Chief Financial Officer and the external auditors were present at the 54th AGM to respond to questions raised by shareholders and proxies at the 54th AGM.

The Company adopted electronic poll voting at its 54th AGM for efficiency in the voting process and an independent scrutineer was appointed to validate all the votes. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the meeting were released to Bursa Malaysia on the same day of the AGM. Minutes of the AGM is available on the Company's website at www.muda.com.my.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 7 April 2026.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee (“AC”) of Muda Holdings Berhad is committed in its role to ensure high corporate governance practices by providing oversight on the Group’s financial reporting, risk management and internal control systems.

The AC’s duties and responsibilities are set out in the Terms of Reference, which is available at www.muda.com.my. Through active engagement, the AC is able to assist the Board of Directors (“the Board”) in the discharge of its oversight function effectively.

COMPOSITION AND MEETINGS

The composition of AC complies with the requirements of Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the AC membership and meetings held for the financial year 2025 (“FY2025”) are as follows:-

Members	Number of meetings attended
Dato’ Hazli Bin Ibrahim (Chairman)	6/6
Wong Choong Yee (Member)	6/6
Dato’ Tan Tian Meng (Member)	6/6
Tan Sri Lim Guan Teik (Member) (Resigned on 28 May 2025)	3/3

The Executive Chairman, Managing Director, Chief Financial Officer and Senior Group Finance Manager were invited to all AC meetings to facilitate direct communication and to provide clarification on financial and audit issues as well as updates on business or operations. The Head of the Internal Audit attended all the AC meetings to table and brief the committee members on the internal audit reports.

SUMMARY OF AC ACTIVITIES

The works of the AC during the financial year ended 31 December 2025 are summarised below:

A. Financial Reporting

- (a) Reviewed the quarterly unaudited financial results and related announcements to Bursa Malaysia Securities Berhad by focusing on significant matters highlighted by the Management and ensured disclosures were made in compliance with applicable accounting standards and regulatory requirements.

B. External Audit

- (a) Reviewed the external auditors’ planning memorandum, focusing on the scope of work for the year which included new areas or new scope of audit emphasis such as changes to the law and regulations multi-location audit scope, systems, audit timeline and statutory audit fees.
- (b) Reviewed the independence of the external auditors and have received assurance from external auditors confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.
- (c) Held one (1) separate independent meetings with the external auditors in the absence of the executive Board members during which the external auditors informed that they had received full co-operation from the management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted.

AUDIT COMMITTEE REPORT

CONT'D

SUMMARY OF AC ACTIVITIES (CONT'D)**B. External Audit (Cont'd)**

- (d) Reviewed the suitability of the external auditors and was satisfied with the suitability of the external auditors, Grant Thornton Malaysia PLT in terms of the quality of audit, performance, competency and sufficiency of resources and recommended to the Board to reappoint Grant Thornton Malaysia PLT as the external auditors of the Company for the next financial year.
- (e) Discussed the annual audited financial statements of the Group with the external auditors and noted the salient features and key findings from the external auditors as well as to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by the Malaysian Accounting Standards Board.
- (f) Reviewed the annual audited financial statements with recommendations to the Board for approval.

C. Internal Audit

- (a) Approved the Annual Audit Plan and reviewed the scope, functions, budget, competency and resources of Internal Audit Department, and that it had the necessary independence and authority to carry out its work professionally and with impartiality and expediency.
- (b) Received and reviewed a total of seven (7) Internal Audit Reports and six (6) Limited Audit Review which were tabled during the quarterly AC meetings covering the processes of the Group's business units.
- (c) Reviewed and discussed the implementation status taken by the Management in response to the audit recommendations on the audit findings raised in the audit reports and ensure that appropriate and prompt remedial actions being taken by the Management to rectify the weaknesses and all the key findings as highlighted, and control lapses identified by Internal Audit Department have been addressed effectively and efficiently.
- (d) Ensured all recommended actions were implemented by Management in accordance with the date committed through seven (7) Post Audit Assessments carried out by Internal Audit Department during the financial year.
- (e) Reviewed all the results of audit assessments annually with assigned audit ratings, audit findings remediation status, and evaluation of company's compliance with controls stated in the Internal Control Self-Assessment Questionnaires from reports prepared by Internal Audit Department.

D. Related & Recurrent Related Party Transactions ("RRPT")

- (a) Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company and its subsidiaries and associated companies, and considered any related party transactions and conflict of interest situation that may or have arisen within the Company and the Group including any transactions, procedure or code of conduct that raises questions on management integrity.
- (b) Ensured that the related or recurrent related party transactions were in the best interest of the Group, were fair and reasonable, were on the Group's normal commercial terms and not detrimental to the interest of the minority shareholders, for recommendation to the Board for approval.
- (c) Reviewed and updated the processes and procedures on related or recurrent related party transactions to be in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act, 2016.

AUDIT COMMITTEE REPORT

CONT'D

SUMMARY OF AC ACTIVITIES (CONT'D)

E. Risk Management

- (a) Reviewed and discussed the high and key risks that have been identified and reported in the Group's business units' Risk Management Reports as well as new and emerging risks and control mechanism.

The details are set out in the Statement on Risk Management and Internal Control in this Annual Report.

F. Other Activities

- (a) Reviewed the AC Report and Statement on Risk Management and Internal Control prior to recommending the same to the Board for approval and inclusion in the Annual Report of the Company.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

A summary of the activities of the internal audit function for the financial year ended 31 December 2025 is set out in the Statement on Risk Management and Internal Control in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement is prepared pursuant to the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”), with guidance from Bursa Malaysia’s Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”).

The Board recognises the importance of managing uncertainties that may affect the achievement of Muda Group’s (the “Group”) objectives and is committed to manage the Group’s risk pragmatically by embedding risk management into its system of internal control, management system and decision-making process.

RESPONSIBILITY AND ACCOUNTABILITY

At Board Level	At Management Level	At Operation Level
<p><u>Board of Directors (the “Board”):</u></p> <ul style="list-style-type: none"> Affirms its overall responsibility to drive a “risk-aware” culture throughout the Group and to establish and oversee sound risk management practices, as well as to ensure the adequacy and effectiveness of its Risk Management Framework and system of internal control. Reviews the risk management framework on a regular basis and recognises that the risk management system is designed not to eliminate the risks but to manage the risks. <p><u>Audit Committee (“AC”):</u></p> <ul style="list-style-type: none"> Assists the Board in the oversight of an adequate, efficient and effective risk management and internal control function for the Group. 	<p><u>The Management team, led by the Executive Directors:</u></p> <ul style="list-style-type: none"> Oversees the implementation of the approved framework, policy and all procedures pertaining to risk management and internal control, to ensure that business strategies and risk management are aligned. Manages the risks faced by the Group through the implementation of effective controls and mitigation measures. 	<p><u>All employees:</u></p> <ul style="list-style-type: none"> Assess risks that could surface from their actions or decisions. Ensure reasonable care is taken to prevent loss, maximise opportunity, and safeguard the Group’s reputation and assets through appropriate controls to prevent or manage uncertainties. <p><u>Internal Audit Department (“IAD”):</u></p> <ul style="list-style-type: none"> Reports directly to the AC, as an independent function of the Group. Provides objective assurance to the Board on the adequacy of the Group’s internal control systems, governance and risk management processes.

RISK MANAGEMENT FRAMEWORK

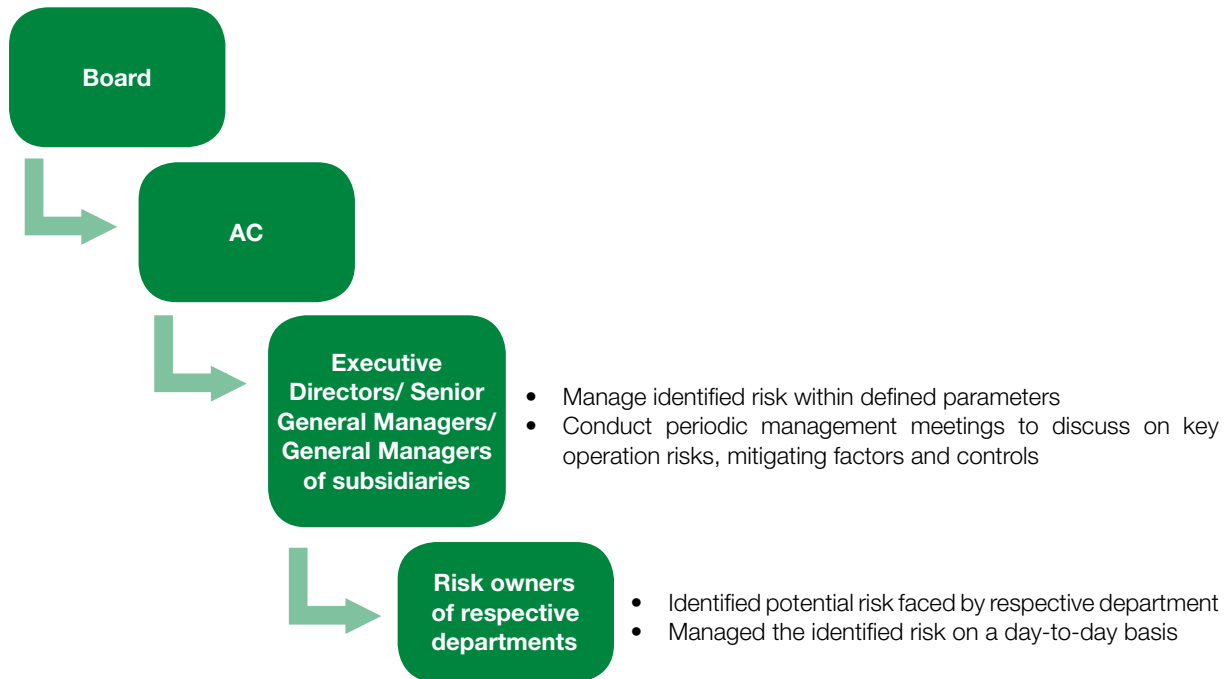
The Group has adopted and implemented an Enterprise Risk Management (“ERM”) framework which serves as a methodical approach for the timely identification, reporting and management of principal risks as well as ensuring the implementation, monitoring and review of the effectiveness of mitigation actions for the risks identified. It sets out the risk management governance and processes in association with the Group’s business and operational requirements in order to maintain a sound control environment. The key elements of the ERM framework are outlined in below.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT FRAMEWORK (CONT'D)

Risk Management Governance Structure



Risk Management Process



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL

The Board places emphasis on a sound system of internal control to facilitate the effective and efficient operation of the Group's businesses by enabling the Board and the Management to respond appropriately to any significant business, operational, compliance and other risks in achieving the Group's objectives.

Nevertheless, the Board also recognises that the system of internal control can only reduce, but cannot eliminate, the possibility of poor judgement in decision-making, human errors, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. As such, the Board reiterates that the system of internal control, by its nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives.

The key elements of the Group's internal control system are described below:

- 1) Clearly defined delegation of responsibilities to the Board Committees and to operating units, including authorisation levels for all aspects of the business.
- 2) Documented internal procedures and/or processes of individual business units, whenever applicable, which include processes to generate timely, relevant and reliable information and proper record keeping as well as compliances with applicable laws and regulations and internal policies for the conduct of business.
- 3) Regular internal audit visits in accordance with the approved internal audit plan by the AC which monitors compliance with procedures and assess the integrity of financial information.
- 4) Regular and comprehensive information provided by Management, covering financial performance and key business indicators.
- 5) A detailed budgeting process where operating units prepare budgets for the coming year to be approved by the Board.
- 6) The monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

KEY RISKS

The Group had broadly identified key risk into Strategic, Operational, Financial and Compliance Risk with the outcome of the process documented into a half yearly risk management report to be presented to the Board. The table below shows the key risk and its mitigating measures.

Key Risks	Description	Mitigating Actions
Strategic	The Group has envisaged to strengthen its market position as one of the Malaysia's largest integrated paper manufacturers.	The Management continually keeps abreast of strategic risk and are mindful on the global trends, geo-political issues, business resilience, industry disruption and would respond to them appropriately.
Operational	The Group's policy is to assume operational risks including sustainability that are manageable within its core business competencies. The operational risks range from shortage of raw material, fluctuation of raw material price, fire and flood, machine breakdown, etc.	Day-to-day operational risks are mainly decentralised at the respective subsidiaries level and guided by the Standard Operating Procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY RISKS (CONT'D)

Key Risks	Description	Mitigating Actions
Financial	The Group is exposed to various financial risks relating to interest rate, foreign currency risks, credit risks and liquidity risks.	The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in the financial statements.
Compliance	The Group operates in diverse geographical locations and as such, is governed by relevant local and international laws, regulations, standards, certifications and accreditations.	The Management continues to keep abreast on any new regulations being gazetted or enacted. In addition, the Group will be notified if there are any changes to the industry or compliance requirement as the Group is a member to certain associations or professional bodies.

INTERNAL AUDIT FUNCTION ("IAD")

The Group has an in-house and independent IAD which undertakes internal audit functions based on the risk-based audit plans that were reviewed and approved by the AC.

The purpose, authority and responsibility of the IAD as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter. The IAD reports directly to the AC who reviews and approves the IAD's annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors and activities were carried out closely in line with the International Professional Practices Framework ("IPPF").

The IAD is headed by Mr. Koh Thuan Hin who was appointed in March 2017 to lead the IAD. He has been with the IAD for 16 years, having joined in July 2009. Mr. Koh's 28 years of experience in the profession spanned across various commercial sectors including professional audit and accountancy firm, manufacturing, property, trading, agriculture, poultry and service sectors. Mr. Koh is a holder of Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountant.

During the year, the IAD conducted various internal audit engagements in accordance with the risk-based audit plan which covered the followings:-

- a) Executed seven (7) audit assignments, seven (7) post audit assessments and six (6) limited audit reviews based on approved 2025 Internal Audit Plan which were formulated after considering key business processes and risks of the Group;
- b) Audit reviews were performed on business units to ensure compliance with internal policies, Standard Operating Procedures ("SOPs"), accounting standards, and relevant rules and regulations:
 - Human resource management control procedures;
 - Review of corrugated carton production and planning control procedures;
 - Credit control procedures;
 - Quality inspection procedures;
 - Procurement management control procedures;
 - Review of systems and control of property, plant and equipment;
 - Review of trucking services and maintenance control procedures; and
 - Review of related and recurrent related party transactions;
- c) Follow-up on the implementation of Management Action Plans to ensure that necessary actions have been taken to remedy any significant gaps identified through audit assignments;

The total costs incurred for maintaining the Group's Internal Audit and Risk Management function for FY2025 were approximately RM531,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

ASSURANCE

The Board has received assurance from the Executive Chairman and the Chief Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. Thus, the Board is of the view that the risk management and internal control system in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

CONCLUSION

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process and system of internal control put in place through its Board Committees were operating adequately and effectively in all material aspects to meet the Group's objectives for the year under review.

This Statement on Risk Management and Internal Control does not cover associated companies where the internal control systems of these companies are managed by the respective management teams. This Statement has been reviewed and approved by the Board of Directors on 7 April 2026.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2025, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by Section 7 of the SORMIC Guide 2025 or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia and for no other purpose or parties.

As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Sustainability Statement

ABOUT THIS STATEMENT

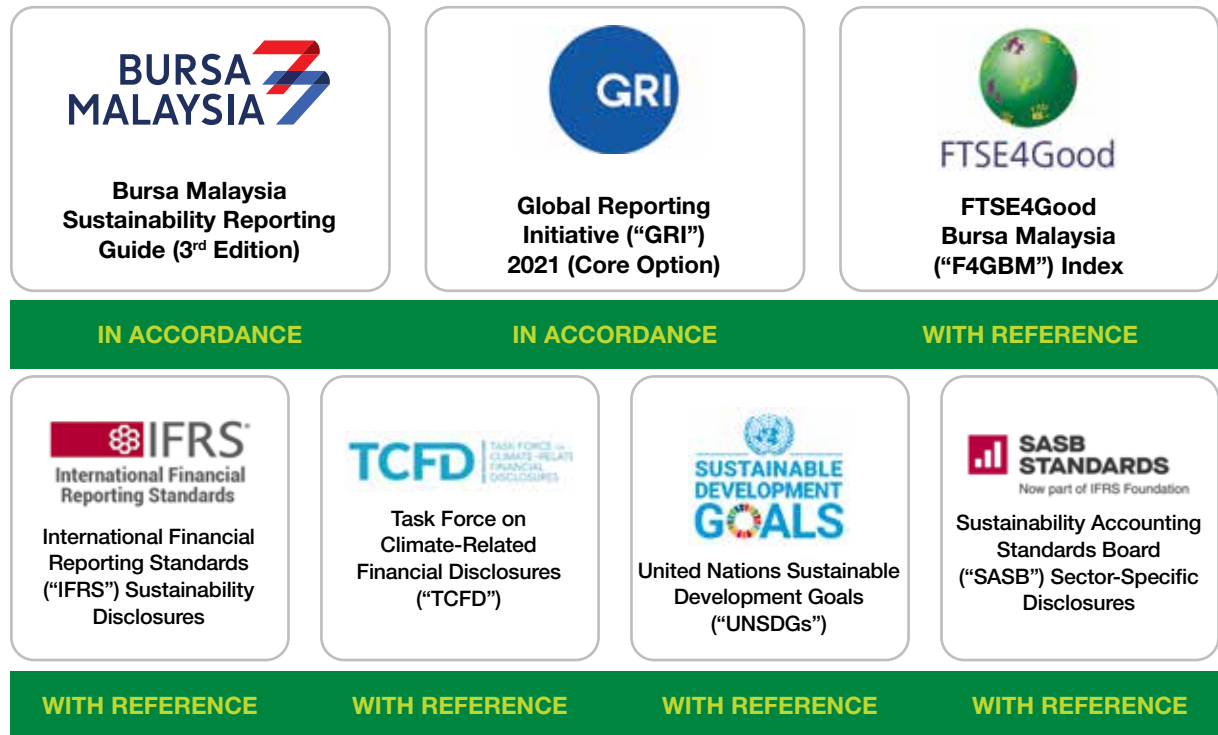
As a leading integrated paper manufacturer and packaging solutions provider since 1964, Muda Holdings Berhad (“MHB” or “the Group”) recognises that sustainable business practices are fundamental to preserving our legacy as a reliable, responsible, strong, and stable organisation. Our commitment to sustainability reflects our mission to deliver high-quality paper and packaging products while safeguarding the environment, empowering our people, and creating long-term value for stakeholders.

This Sustainability Statement (“SS2025” or “the Statement”) presents the Group’s Economic, Environmental, Social, and Governance (“EESG”) performance for the financial year ended 31 December 2025 (“FY2025”). It outlines how sustainability considerations are integrated across our operations from recycled paper collection, paper manufacturing and packaging production to our marketing and trading activities highlighting our efforts to manage material sustainability risks and opportunities while supporting Malaysia’s economic development and environmental preservation.

Through this Statement, we reaffirm our commitment to transparency, accountability, and continuous improvement, reflecting our role as a responsible industry leader dedicated to advancing sustainable growth while delivering value to our customers, shareholders, employees, and the wider community.

BASIS, GUIDELINE AND REFERENCE

This Statement was prepared based on all available internal information in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) relating to sustainability statement and its Sustainability Reporting Guide 3rd Edition, and other international sustainability frameworks or standards as follows: -



SUSTAINABILITY STATEMENT

CONT'D

ABOUT THIS STATEMENT (CONT'D)

REPORTING SCOPE AND BOUNDARY

This Statement outlines the Group's sustainability strategies, practices, and performance for the period 1 January 2025 to 31 December 2025, unless stated otherwise.

The scope of this report includes MHB and its locally active subsidiaries, as reflected in its consolidated financial statements under Financial Control:

- Muda Paper Mills Sdn Bhd
- Federal Packages Sdn Bhd
- Muda Packaging Industries Sdn Bhd
- Kotak Malaysia (KOM) Sdn Bhd
- K F Paper Products (Melaka) Sdn Bhd
- Muda Pasifik Sdn Bhd
- Muda Paper Converting Sdn Bhd
- Quantum Total Packages Sdn Bhd
- Sea Paper Industries Sdn Bhd
- Central Malaya Paper Sdn Bhd
- Intrapac Trading (M) Sdn Bhd
- MC Pack (Malaysia) Sdn Bhd

EXCLUSIONS, LIMITATIONS, DISCLAIMERS

MHB acknowledges that certain disclosures remain subject to data availability, estimation methodologies, and evolving internal reporting systems. While efforts have been made to ensure completeness and accuracy, some indicators may be refined as data management processes continue to mature. Performance data on a three-year trailing basis has been presented, where relevant, to highlight key trends and provide meaningful context for year-on-year comparison and performance evaluation. The plans, targets, and forward-looking statements outlined in SS2025 are based on reasonable assumptions and current business conditions at the time of reporting. Nevertheless, actual outcomes may differ due to evolving operational, market, or regulatory circumstances beyond the Group's control.

DATA QUALITY AND ASSURANCE

All performance data for SS2025 has been collected, reviewed, and validated internally by the respective business units and designated data owners to ensure accuracy and consistency. Selected metrics and disclosures have been subjected to an internal assurance process conducted by the Group's Finance Department. Details of the assurance scope and outcomes are provided in the Assurance Statement in this Annual Report.

REPORT AVAILABILITY AND FEEDBACK

The SS2025 is available for download on Muda Holdings Berhad's corporate website at <https://muda.com.my/> as part of the Group's Annual Report 2025. A digital version, along with previous statements, can also be accessed on the Bursa Malaysia Securities Berhad website.

For clarifications or further information regarding SS2025 or MHB's business operations, stakeholders are encouraged to reach out via invest-info@muda.com.my.

SUSTAINABILITY STATEMENT

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SUSTAINABILITY GOVERNANCE

MHB has established a structured sustainability governance framework to ensure sustainability- and climate-related risks and opportunities are effectively identified, managed, and integrated into the Group's long-term strategy. This framework reflects the Group's commitment to responsible growth as a reliable and responsible integrated paper manufacturer and aligns with the governance disclosure approach recommended under the IFRS Sustainability Disclosure Standards, which emphasises Board oversight, defined management responsibilities, and clear reporting lines.

The Board is entrusted with the overall stewardship of MHB and provides leadership by reviewing and approving the Group's strategic direction, overseeing business performance, and ensuring that appropriate systems of internal control and risk management are in place. In line with the Board Charter, the Board acts in the best interests of the Group and its shareholders while incorporating sustainability- and climate-related considerations into strategic priorities, investment decisions, capital allocation, performance monitoring, and long-term planning. The Board also reviews and approves sustainability policies, targets, and disclosures, including material climate-related matters reported in the Sustainability Statement.

To support its oversight responsibilities, the Board has established several standing committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), and Sustainability Committee ("SC"), each governed by clearly defined Terms of Reference and delegated authority. These committees strengthen the Board's effectiveness by enabling focused review and independent oversight across key governance areas. The AC, NC, and RC comprise at least three Non-Executive Directors, with a majority being Independent Directors, ensuring objectivity in decision-making and safeguarding stakeholder interests.

Through defined roles across the Board, SC, Executive Committee ("EXCO"), and Sustainability Reporting Working Group ("SRW"), MHB embeds sustainability considerations into strategic planning, risk management, operational execution, and performance monitoring, supporting long-term value creation for stakeholders. In particular, the SC supports the Board in overseeing material sustainability and climate-related risks and opportunities, monitoring sustainability performance indicators and targets, and reviewing the adequacy of sustainability-related disclosures. This enables climate-related matters to be considered within broader governance and decision-making processes without operating as a separate parallel framework.

At the Management Level, EXCO, led by the Managing Director, supported by Senior General Managers or General Managers (if required), provides oversight of the implementation of priorities across the Group and considers key sustainability- and climate-related matters arising from operations before onward escalation to the SC where relevant. Supporting this process, the SRW, comprising Heads of Business Units and relevant functional personnel, is responsible for implementing sustainability initiatives, monitoring performance indicators, identifying emerging sustainability- and climate-related risks, and consolidating relevant data and developments for management review.

Climate-related information is drawn from internal monitoring systems, risk assessments, regulatory developments, and stakeholder engagement processes, supporting ongoing oversight and more informed resilience planning across the Group's operations and supply chain.

SUSTAINABILITY STATEMENT

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SUSTAINABILITY GOVERNANCE (CONT'D)

Governance Body	Roles & Responsibilities
Board of Directors ("the Board")	<ul style="list-style-type: none"> • Holds ultimate accountability for the Group's sustainability strategy, performance, and disclosures, including climate-related risks and opportunities, in accordance with the Board Charter. • Ensures sustainability and climate-related considerations are integrated into the Group's overall business strategy, risk management framework, and long-term planning. • Oversees the Group's risk management and internal control systems, including risks arising from climate change that may impact operations, financial performance, and supply chain continuity. • Reviews and approves sustainability policies, targets, and disclosures to ensure alignment with regulatory requirements, including Bursa Malaysia requirements and IFRS Sustainability Disclosure Standards. • Monitors management's performance in managing sustainability-related and climate-related risks and opportunities and ensures appropriate mitigation strategies are implemented. • Promotes a strong governance culture grounded in ethical conduct, accountability, and long-term sustainable value creation.
Sustainability Committee ("SC")	<p>Led by the Non-Executive Director with the Managing Director and the Executive Chairman</p> <ul style="list-style-type: none"> • Assists the Board in overseeing the Group's sustainability strategies, objectives, policies, practices, and performance, including climate-related matters. • Supports the integration of sustainability into the Group's business model, risk management, and stakeholder engagement. • Oversees the identification, assessment, and management of material sustainability and climate-related risks and opportunities. • Reviews and monitors Sustainability Performance Indicators, including climate-related targets and performance. • Ensures sustainability disclosures are transparent, accurate, and aligned with regulatory and stakeholder expectations.
Executive Committee ("EXCO")	<ul style="list-style-type: none"> • Provides management-level oversight of sustainability implementation across the Group. • Reviews key sustainability- and climate-related matters, including emerging risks, operational developments, and progress against performance indicators, prior to escalation to the SC where relevant. • Facilitates cross-functional coordination to support the execution of Board- and SC-directed sustainability priorities. • Oversees management responses, action plans, and operational follow-through on material sustainability matters.
Sustainability Reporting Working Group ("SRW")	<ul style="list-style-type: none"> • Supports implementation of sustainability and climate-related initiatives across business units. • Identifies, monitors, and reports sustainability and climate-related risks and performance data. • Implements policies, procedures, and improvement initiatives aligned with Board-approved sustainability strategies. • Supports reporting processes and data collation for sustainability disclosures.

SUSTAINABILITY STATEMENT

CONT'D

SUSTAINABILITY GOVERNANCE (CONT'D)**Risk Management**

Risk management remains an integral component of MHB's governance framework, enabling the Group to proactively identify, assess, and manage risks that may affect its operational resilience, financial performance, and long-term sustainability. The Board maintains ultimate responsibility for overseeing the Group's enterprise risk management framework and ensuring that risks including sustainability and climate-related risks are systematically identified, assessed, and mitigated in alignment with the Group's strategic objectives.

The Board continues to ensure that risk management processes incorporate environmental, social, and governance considerations, including climate-related risks and opportunities that may impact business resilience and value creation over the short, medium, and long term. This oversight is supported by the AC, which assists the Board in reviewing the adequacy and effectiveness of risk management and internal control systems. In accordance with its Terms of Reference, the AC reviews the Group's Risk Management Framework annually to ensure that the methodology applied enables the regular identification, analysis, assessment, monitoring, and communication of risks, including sustainability- and climate-related risks. The AC also oversees the progressive integration of sustainability- and climate-related risks and opportunities into the enterprise risk management process, including the identification and assessment of material risks that may require mitigation actions or consideration in relation to asset and liability values.

At the management level, the responsibility for identifying and managing risks is delegated to the Heads of Business Units, Senior General Managers, and General Managers, who report directly to the Managing Director on risk exposures, mitigation plans, and emerging risks. This reporting structure enables timely escalation of material matters to the Managing Director, AC, and Board, where relevant.

The Group's risk governance is further supported by internal audit reviews, monitoring of corrective actions, and established reporting systems and controls across operational, financial, compliance, and sustainability-related risk areas. MHB's risk management framework is aligned with globally recognised best practices, including the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework, reinforcing a structured and systematic approach to risk governance.

SUSTAINABILITY STATEMENT

CONT'D

MESSAGE FROM LEADERSHIP**Dear Stakeholders,**

At **Muda Holdings Berhad**, sustainability is a fundamental driver of long-term resilience, operational excellence, and responsible growth. As a pioneer in Malaysia's paper milling and packaging industry, we recognise that embedding sustainable practices across our operations is essential to maintaining competitiveness and strengthening stakeholder trust in an increasingly complex and evolving landscape.

FY2025 marked a pivotal year as we navigated a rapidly advancing sustainability reporting environment. With the introduction of the National Sustainability Reporting Framework (NSRF) and its alignment with the IFRS Sustainability Disclosure Standards, the Group has taken deliberate steps to strengthen its sustainability governance, disclosures, and data management practices. At the same time, climate change continues to shape both risks and opportunities across our value chain, reinforcing our focus on integrating low-carbon solutions, energy efficiency, and renewable energy into our operations.

A key focus during the year was strengthening the Group's circular resource management practices within its manufacturing processes. This includes the recovery and reprocessing of sludge through fibre and waste recovery facility to extract usable fibre for reintegration into production, as well as the recycling of metal rods and plastic materials across operations. These initiatives enhance material recovery, reduce waste sent to disposal, and improve overall resource efficiency. In parallel, we continue to advance our plans to expand biomass utilisation as part of its longer-term energy transition strategy.

Beyond environmental progress, the Group also achieved notable milestones across its broader sustainability agenda. These include 99.9% of sales for industrial-grade paper carrying FSC certification, 85.7% of procurement spending directed to local suppliers, 44.3% women representation in management roles, and the maintenance of zero confirmed incidents of corruption and zero work-related fatalities across 6.1 million man-hours worked. Collectively, these outcomes reflect the Group's commitment to responsible sourcing, inclusive workforce development, and strong governance practices.

We recognise that meaningful progress requires collective action. As we look ahead, we remain committed to strengthening our sustainability capabilities, enhancing transparency, and embedding sustainability considerations into our strategic and operational decision-making. Through this, we aim to deliver sustained value to our stakeholders while contributing to a more resilient and sustainable future.

Sincerely,

Lim Yen Wee

Chairman of Sustainability Committee

OUR SUSTAINABILITY HIGHLIGHTS



SUSTAINABILITY STATEMENT

CONT'D

STAKEHOLDER ENGAGEMENT

MHB defines its stakeholders as individuals and organisations that hold significance to the Group's business operations and strategies. The engagement methods used with these stakeholders are regularly evaluated to better understand their concerns and expectations, making certain business decisions and policies are shaped with their perspectives in mind.

The table below summarises MHB's approach to stakeholders' engagement:

Key Stakeholders	Focus Area	Engagement Method	Engagement Frequency
Customers	<ul style="list-style-type: none"> Product quality Reliable delivery Competitive prices Customer service 	<ul style="list-style-type: none"> Customer feedback Factory visit Monthly meeting 	<ul style="list-style-type: none"> Routine meeting Annually
Employees	<ul style="list-style-type: none"> Remunerations and benefits Safe and conducive working environment Career growth and opportunities Equal opportunity 	<ul style="list-style-type: none"> Monthly management meetings Employee engagement events Performance appraisal Training 	<ul style="list-style-type: none"> Routine meeting Bi-Weekly Monthly
Shareholders/ Investors	<ul style="list-style-type: none"> Business profitability Business management Corporate governance Investment risk and return Share price performance 	<ul style="list-style-type: none"> Annual General Meeting Annual report Bursa announcements Quarterly financial results Company website 	<ul style="list-style-type: none"> Quarterly Annually As needed
Regulators	<ul style="list-style-type: none"> Compliance with relevant rules and regulations 	<ul style="list-style-type: none"> Compliance with mandatory requirements such as Income tax returns, Sales tax returns, Securities Commission Declarations, Annual Returns, Licence renewals, and Declaration to the Department of Environment ("DOE") and the Department of Occupational Safety and Health ("DOSH") Consultation with local authorities and BOMBA 	<ul style="list-style-type: none"> Monthly Annually As needed
Bankers	<ul style="list-style-type: none"> Financial health, solvency Covenants compliance 	<ul style="list-style-type: none"> Annual review of financial performance and financial position 	<ul style="list-style-type: none"> Quarterly Annually
Competitors	<ul style="list-style-type: none"> Anti-competitive practices Business strategy and plan Market penetration 	<ul style="list-style-type: none"> Update on market conditions 	<ul style="list-style-type: none"> Monthly

SUSTAINABILITY STATEMENT

CONT'D

STAKEHOLDER ENGAGEMENT (CONT'D)

The table below summarises MHB's approach to stakeholders' engagement (Cont'd):

Key Stakeholders	Focus Area	Engagement Method	Engagement Frequency
Suppliers	<ul style="list-style-type: none"> Pricing Product Quality Reliability of supply Order fulfilment matters Prompt payments 	<ul style="list-style-type: none"> Supplier meetings Informal discussion Suppliers visit and audit 	<ul style="list-style-type: none"> Routine meeting Annually
Community	<ul style="list-style-type: none"> Social and environmental issues Community development 	<ul style="list-style-type: none"> Provide job opportunities Corporate social responsibility programmes and activities related to education, society and associations 	<ul style="list-style-type: none"> Monthly Annually

MEMBERSHIP IN ASSOCIATIONS

MHB is a member of the following associations/professional bodies:

Associations / Professional Bodies	MHB's Contributions
Malaysian Employers Federation ("MEF")	MHB leverages its MEF membership to access specialised industrial relations advisory and national labour surveys that help align its human resource policies and remuneration packages with industry standards.
Malaysia Pulp and Paper Manufacturers Associations ("MPPMA")	MHB is a member of the MPPMA, which serves as a platform for industry players to discuss common operational and regulatory issues affecting the sector. The Group has supported such engagements by hosting meetings at its premises. Where appropriate, MPPMA communicates key concerns raised by members to relevant government agencies. Through this participation, MHB contributes to collective industry engagement while remaining apprised of developments relevant to the paper and recycling sector.
Malaysian Corrugated Carton Manufacturers' Association ("MACCMA")	Through the MACCMA, MHB keeps abreast of industry developments, common operational challenges, and evolving market dynamics within the corrugated carton sector. This engagement enables the Group to better understand regulatory matters, issues affecting industry players, and competitive developments, including the emergence of new market entrants.

SUSTAINABILITY STATEMENT

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MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT PROCESS

Materiality plays a vital role in identifying key issues that could significantly influence MHB's business, incorporating emerging risks and opportunities. This involves assessing both financial materiality—how Environmental, Social, and Governance (“ESG”) factors affect financial performance—and impact materiality, which considers broader societal and environmental implications.




In line with Bursa Malaysia's updated disclosure requirements, MHB conducted a comprehensive Materiality Assessment Exercise (“MAE”) in FY2023 to identify, evaluate, and prioritise the sustainability matters most relevant to both the Group and its stakeholders. This process involved gathering insights from internal and external stakeholders through a materiality survey, ensuring that identified topics align with MHB's business model and the four pillars of Sustainability: Economic, Environmental, Social, and Governance (“EESG”).

The findings from this assessment guide the Board and Senior Management in shaping MHB's strategic direction and resource allocation, enabling the effective management of sustainability-related risks.

MATERIALITY ASSESSMENT (CONT'D)

MATERIALITY ASSESSMENT PROCESS (CONT'D)

STEP 1
DETERMINING SCOPE OF ASSESSMENT




A comprehensive gap analysis with peer comparison was conducted to determine the reporting gaps of MHB, taking into consideration as well the emerging risks and trends of the operating landscape to determine the scope of the assessment.

STEP 2
IDENTIFYING AND CATEGORISING TOPICS




A list of 19 sustainability topics for assessment were derived from MHB’s identified material topics and other areas of focus identified from the reporting frameworks referenced and the gap analysis conducted

STEP 3
MATERIALITY ASSESSMENT SURVEY




The materiality assessment survey was held across September - October 2023, where opinions from the Board of Directors, Management team members, employees of MHB, and external stakeholders were gathered to rank and rate the identified topics’ impacts to its business and importance to stakeholders. A total of 185 responses were collected.

STEP 4
MATERIALITY ANALYSIS AND PRIORITISATION



The feedback gathered from the survey were tabulated. Using weightage system based on prioritisation for varying stakeholder groups for stronger relevance of the results and best practices in statistical analysis, the topics are plotted on a materiality matrix to determine their priority to the sustainability of MHB.

STEP 5
VALIDATION AND ENDORSEMENT OF MATERIALITY MATRIX



The materiality matrix and additional findings from the materiality assessment survey were presented to the Board for validation and has been approved and endorsed by the Board on 4 April 2024.

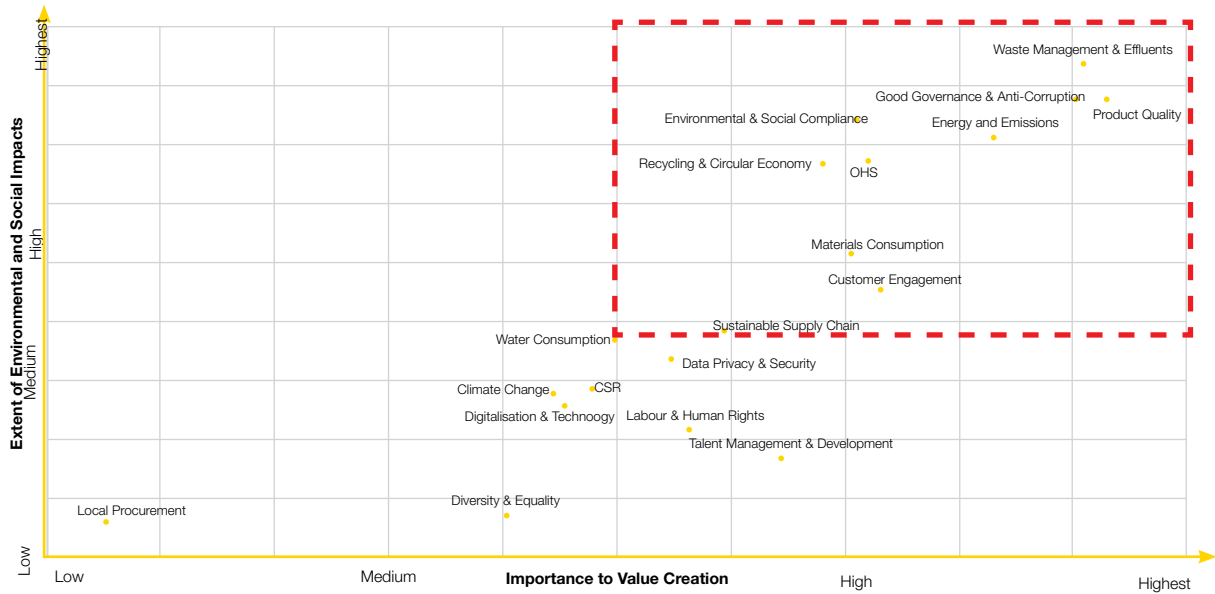
SUSTAINABILITY STATEMENT

CONT'D

MATERIALITY ASSESSMENT (CONT'D)

MATERIALITY MATRIX

The Materiality Matrix visually represents the relative importance of each identified matter. This matrix serves as a strategic tool to assess the significance of sustainability issues.



ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> Digitalisation & Technology Local Procurement Customer Engagement Product Quality 	<ul style="list-style-type: none"> Climate Change Energy Consumption & Emissions Waste Management & Effluents Materials Consumption Water Consumption Recycling & Circular Economy 	<ul style="list-style-type: none"> Occupational Health & Safety Labour & Human Rights Talent Management & Development Equal Opportunity, Diversity & Equality Corporate Social Responsibility 	<ul style="list-style-type: none"> Good Governance & Anti-Corruption Environmental & Social Compliance Sustainable Supply Chain Data Privacy & Security

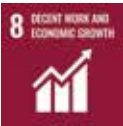





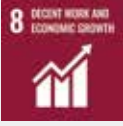


SUSTAINABILITY STATEMENT

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations (“UN”) introduced the Sustainable Development Goals (“SDGs”) as a global framework consisting of 17 objectives designed to drive sustainability and equality worldwide.

In line with this vision, we have mapped the SDGs most relevant to our core sustainability priorities and strategic initiatives. MHB remains dedicated to advancing and incorporating these goals, particularly those that align closely with our business operations.

Pillar	Material Topics	UNSDGs	Approaches
Economic	Product quality	 	<ul style="list-style-type: none"> Consistently provide high-quality products and service Meet customers’ requirements and expectations through tailored solutions
	Customer Engagement		
Environmental	Waste Management & Effluents	   	<ul style="list-style-type: none"> Installation of renewable energy technologies for sustainable operations Ensure full compliance with local regulatory requirements and standards
	Energy Consumption & Emissions		
	Recycling & Circular Economy		
	Materials Consumption		
Social	Occupational Health & Safety		<ul style="list-style-type: none"> Compliance with DOSH regulations for workplace safety
Governance	Good Governance & Anti-Corruption	  	<ul style="list-style-type: none"> Uphold the high standard of corporate governance and ethics Achieve full compliance with regulatory requirements, with zero reported violations
	Environmental & Social Compliance		
	Sustainable Supply Chain		

SUSTAINABILITY STATEMENT

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ESG KPIs AND TARGETS

Building on the foundation laid in November 2023, when MHB conducted its first-ever workshop on setting Key Performance Indicators (“KPIs”) and targets for EESG areas, we have since taken significant strides in refining and achieving these targets throughout FY2025.

Following this initiative, MHB has progressively enhanced its targets, embedding them into our strategic framework and making measurable progress towards our sustainability commitments. These KPIs continue to serve as vital tools for tracking performance, facilitating data-driven decision-making, and ensuring accountability at every level of the organisation.

Pillar	Material Topic	Target	Performance FY2025
ECONOMIC	Digitalisation and Technology	Implement e-procurement by FY2026	● In progress
	Product Quality	>80.00% customer complaint resolution rate annually	● 100% resolution rate
		<1.00% of product recalls/rejects/disputes annually	● Zero product recalls/rejects/disputes
	Customer Engagement	At least 12 engagement sessions with customers ranking within the Top 20.00% by revenue	● 12 engagement sessions
Local Procurement	>80.00% of local procurement spending per annum (subject to business viability)	● 85.7% of local procurement spending	
ENVIRONMENTAL	Energy Management	40.00% of renewable energy sources in the overall energy mix by FY2030	● 61.0% of renewable energy sources in FY2025
	Climate Change	Reduce Scope 1 emission by 5% by FY2030 using the baseline data of FY2023	● 59.9% reduction in FY2025 (vs. FY2023 baseline)
		Achieve net carbon neutrality by FY2050	● In progress; 46.3% reduction in total operational emissions in FY2025 (vs. FY2023 baseline)
SOCIAL	Occupational Health and Safety	Zero work-related fatalities per annum	● Zero fatalities recorded
		Zero work-related injury rate per annum	● Injury rate at 1.27 recorded
		>50.00% of employees to be trained on OSH annually	● 2,190 employees (82.1% of total workforce) trained on OSH

SUSTAINABILITY STATEMENT

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ESG KPIs AND TARGETS (CONT'D)

Pillar	Material Topic	Target	Performance FY2025
SOCIAL	Equal Opportunity, Diversity and Equality	At least 25.00% of women in management and executive roles annually	● 44.3% and 58.4% of women representation in management and executive roles, respectively
	Labour and Human Rights	Zero substantiated complaints concerning human rights violations via any grievance channels per annum	● Zero complaints/ violations recorded
		Zero substantiated incidents or violations of non-compliance	● Zero incidents or violations of non-compliance recorded
	Local Communities	Minimum 4 Corporate Social Responsibility ("CSR") activities per annum	● 39 CSR activities conducted
GOVERNANCE	Good Governance and Anti-Corruption	Zero confirmed incidents of corruption per annum	● Zero confirmed incidents of corruption recorded
	Data Privacy and Security	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data per annum	● Zero complaints recorded

ECONOMIC TOPICS

At MHB, economic sustainability is anchored in the Group's ability to generate consistent financial performance while strengthening the resilience and efficiency of its operations over the long term. As an integrated paper manufacturer and paper packaging solutions provider since 1964, MHB's economic role extends beyond profitability, encompassing its contribution to value creation across the supply chain, employment generation, and broader economic activity within the markets it operates.

The Group's integrated business model enables close control over cost structures, quality standards, and operational continuity, allowing MHB to respond effectively to market fluctuations and evolving customer needs. Through disciplined governance, continuous innovation, and prudent capital allocation, MHB seeks to create sustainable economic outcomes that support business growth while generating positive multiplier effects for key stakeholders, including employees, customers, suppliers, capital providers and the communities in which it operates.



SUSTAINABILITY STATEMENT

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ECONOMIC TOPICS (CONT'D)

ECONOMIC IMPACTS

MHB's direct economic impacts are primarily generated through the Group's integrated operations across paper collection, milling, packaging and converting, and marketing and trading activities. This integrated structure supports operational continuity, cost efficiency, and quality assurance, enabling the Group to deliver reliable paper and packaging solutions to a diverse customer base comprising both local enterprises and multinational corporations.

Through its core business activities, the Group generates economic value that is distributed across key stakeholder groups, including employees, suppliers, capital providers, governments, and communities. These contributions take the form of revenue generation, operating expenditures, employee remuneration, payments to providers of capital, and tax contributions, reflecting the Group's role as a significant economic participant within its operating markets. Continuous investments in operational upgrades, process optimisation, and product innovation further reinforce productivity, competitiveness, and long-term financial resilience.

For a detailed breakdown of direct economic value generated and distributed during the financial year, reference is made to the Audited Financial Statements contained in this Annual Report.

Customer satisfaction and service reliability remain central to sustaining direct economic value creation. To support efficient service delivery to both local and international clients, the Group maintains marketing and sales offices across Malaysia, as well as in Australia, China and Singapore. Backed by experienced and well-trained teams, these operations enable cost-efficient logistics, timely delivery, and consistent customer support, contributing to long-term client relationships and business growth.

The Group's ability to remain competitive is underpinned by a disciplined approach to governance, quality management, and operational excellence. The attainment and maintenance of ISO 9001 and OHSAS 18001 certifications across its mills reflect MHB's commitment to consistent quality, workplace safety, and process integrity. As environmental considerations are increasingly integrated into operational decision-making, capital investment remains focused on operational optimisation and resource efficiency. This includes the installation of outthrow facilities plants to recover usable materials from sludge streams, encompassing fibre recovery as well as the separation of ragger (steel rods), plastics, and aluminium for recycling, and ongoing progress towards the completion of a biomass boiler, which is intended to reduce reliance on finite energy sources such as natural gas and grid electricity. Through the adoption of eco-friendly materials, strengthened recycling systems, and investments in energy-efficient and alternative energy infrastructure, the Group seeks to lower operating costs, reduce environmental impact, and support its broader energy transition efforts.

Effective governance also plays a critical role in supporting sustained economic outcomes. Alignment with ISO 14001, Forest Stewardship Council ("FSC"), and Responsible Business Alliance ("RBA") standards enables the Group to reduce pollution, minimise waste, and optimise resource consumption. These practices enhance operational efficiency and profitability while reinforcing Muda's commitment to responsible business conduct that supports sustainable development and job creation.

To sustain progress, the Group continues to prioritise energy cost optimisation and operational improvements to strengthen financial stability and long-term economic sustainability. Ongoing quality control initiatives support the identification of cost-saving opportunities and performance enhancements, while the continued implementation and maintenance of ISO management systems reinforce operational effectiveness, profitability, and resilience. By leveraging customer sales analysis, revenue forecasting, and disciplined cost management, MHB positions itself for long-term success while keeping customer satisfaction at the core of its economic strategy.

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)**ECONOMIC IMPACTS (CONT'D)****Indirect Economic Impacts**

In addition to its direct contributions, MHB generates indirect economic impacts through its extended value chain, partnerships, and engagement with local and regional economies. The Group's operations support economic activity beyond its organisational boundaries, including employment creation across supplier networks, logistics providers, contractors, and downstream customers, particularly within the manufacturing and packaging ecosystem.

MHB's long-standing relationships with suppliers and business partners contribute to market stability and capacity building, while its presence across multiple geographical locations supports local economic participation and enterprise development. By prioritising operational reliability, product quality, and responsible business practices, the Group reinforces trust and continuity across its value chain, creating positive spill-over effects for associated stakeholders.

The Group recognises that its indirect economic impacts evolve alongside changes in market conditions, supply chain dynamics, and stakeholder expectations. As such, MHB places emphasis on maintaining stable commercial relationships, responsible procurement practices, and transparent engagement with business partners and local stakeholders. These efforts enable the Group to reinforce positive economic outcomes, including supply chain resilience and local economic participation, while identifying and managing potential risks that may arise from operational scale, geographic expansion, or market volatility.

PRODUCT QUALITY AND CUSTOMER SATISFACTION

Product quality and customer satisfaction are closely linked to pillars of MHB's operational performance and long-term competitiveness. Together, they shape the Group's ability to meet customer requirements, manage operational and reputational risks, and sustain confidence across its markets.

In FY2025, the Group continued to focus on strengthening both the integrity of its products and the reliability of its customer engagement processes. Product quality is managed through structured governance, disciplined process controls, and adherence to recognised standards to ensure consistency, safety, and regulatory compliance. Customer satisfaction, in turn, is supported through formal engagement mechanisms, responsive service delivery, and systematic complaint management, enabling feedback to be translated into meaningful operational improvements.

By addressing product quality and customer satisfaction as complementary but distinct focus areas, MHB seeks to reinforce trust, support stable commercial relationships, and sustain long-term business value across its operations.

Product Quality Assurance

Product quality underpins MHB's ability to compete effectively, manage operational risk, and meet regulatory and customer requirements across its operating markets. The Group's approach to product quality is anchored in structured governance, disciplined process controls, and the consistent application of recognised management systems across its manufacturing and converting operations.

To uphold product consistency, safety, and reliability, MHB implements comprehensive Quality Control ("QC") and Quality Assurance ("QA") measures throughout its operations. These measures include systematic monitoring and testing of production processes, prompt corrective and preventive actions, and structured root cause analysis of quality deviations. Quality considerations are embedded into operational decision-making to minimise defects, reduce waste, and improve resource efficiency, supporting both cost discipline and environmental performance.

Quality assurance is supported by close coordination between the QA and Sales departments. While the Sales function ensures effective customer communication and service continuity, the QA function upholds quality standards, investigates quality-related issues, and implements corrective actions. This collaboration ensures that customer feedback, complaints, and rejection data are systematically integrated into continuous improvement processes.

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

PRODUCT QUALITY AND CUSTOMER SATISFACTION (CONT'D)

Product Quality Assurance (Cont'd)

The Group's commitment to quality, safety, and responsible business practices is reinforced through alignment with recognised certifications and compliance standards, which form the foundation of its quality governance framework. These include:

<ul style="list-style-type: none"> • Forest Stewardship Council ("FSC") certification 	<ul style="list-style-type: none"> • Chain of Custody (Forest product) certification ("CoC")
<ul style="list-style-type: none"> • ISO 9001: Quality Management System 	<ul style="list-style-type: none"> • RoHS Directive 2011/65/EU and (EU)2015/863 (amendment in Annex II) certification
<ul style="list-style-type: none"> • ISO 14001: Environment Management System 	<ul style="list-style-type: none"> • Good Manufacturing Practice ("GMP") certification
<ul style="list-style-type: none"> • ISO 22000: Food Safety Management System 	<ul style="list-style-type: none"> • Ethical Supply Chain ("Sedex") certification
<ul style="list-style-type: none"> • ISO 45001: 2018: Occupational Health and Safety Management Systems 	<ul style="list-style-type: none"> • SDS: Safety Data Sheet
<ul style="list-style-type: none"> • Hazard Analysis Critical Control Point ("HACCP") certification 	

In FY2025, majority of the Group's manufacturing and converting operations and sites were certified under ISO-based management systems, including ISO 9001, ISO 14001, ISO 22000, and ISO 45001, reflecting broad adoption of structured quality, environmental, and occupational safety controls across the Group.

Industrial-grade paper products are manufactured in accordance with Forest Stewardship Council ("FSC") requirements, with certification provided for selected products based on customer requirement. The proportion of FSC-certified sales reflects the Group's ability to meet customer and market expectations for responsible sourcing, while maintaining consistent product quality across its operations.

Quality oversight is applied consistently across Muda's operations through structured audits, monitoring, and corrective action processes covering product quality, safety, and regulatory compliance. During the reporting period, no complaints were received from regulatory bodies, with the exception of one minor Non-Conformance Report ("NCR") identified during an external FSC CoC audit at selected mills, of which was addressed in accordance with established corrective action procedures.

Product health and safety remain a priority, particularly for applications in regulated and high-sensitivity sectors such as food and beverage packaging, with health and safety assessments conducted at subsidiaries operating under the Food Safety Management System, supported by ongoing monitoring across the Group's operations. The effectiveness of this quality governance framework is reflected in the Group's performance outcomes, including zero incidents of regulatory non-compliance or product recalls, in line with its objective to maintain annual product recalls, rejects, or disputes below 1.00%.

FY2025

99.9%

FSC-certified

industrial grade paper sales

FY2024: 91.3% | FY2023: 60.3%

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

PRODUCT QUALITY AND CUSTOMER SATISFACTION (CONT'D)

Product Quality Assurance (Cont'd)

Quality Indicator	FY2023	FY2024	FY2025
Number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services	0	0	0
Number of recalls issued	0	0	0
Total units recalled for health and safety reasons	0	0	0
% of significant products assessed for health & safety*	–	100%	100%

*This metric only applies to subsidiaries operating under the Food Safety Management System, namely Federal Packages and Muda Paper Converting, where product health and safety assessments are required based on product type and customer requirements.

Customer Satisfaction

Customer satisfaction is managed through a structured governance framework that integrates customer engagement, service performance monitoring, and clear accountability across the Group's operations. At MHB, customer feedback is treated as an operational input that informs service delivery, quality improvement, and relationship management, rather than a standalone performance indicator.

Oversight of customer satisfaction is led by the General Manager ("GM"), who monitors departmental key performance indicators through monthly performance reviews. This ensures that customer satisfaction considerations are integrated into operational decision-making, performance management, and continuous improvement initiatives.

Customer engagement is embedded within operational oversight through formal engagement sessions, annual customer satisfaction surveys, and defined complaint management procedures. In FY2025, the Group conducted regular engagement sessions with customers representing the top 20% of revenue, enabling regular dialogue on service performance, product expectations, and relationship management. These mechanisms provide management with visibility over service quality trends, recurring issues, and evolving customer expectations, enabling timely corrective actions and consistent service improvements across subsidiaries.

Customer inquiries and complaints are managed through established service and escalation processes to ensure responsiveness and clear communication. The Sales function serves as the primary customer interface, while the Quality Assurance function supports issue investigation and advises corrective actions where service or product-related concerns are identified. This approach supports systematic resolution and ensures that customer-related insights are appropriately addressed at the operational level.

FY2025

100%

complaint resolution rate

FY2024: 100% | FY2023: 97%

In FY2025, the Group recorded a customer satisfaction score of 86.0%, reflecting consistent service performance and effective customer engagement. Complementing this outcome, the Group maintained a strong focus on complaint resolution, achieving a 100% resolution rate, exceeding its internal target of more than 80.0%.

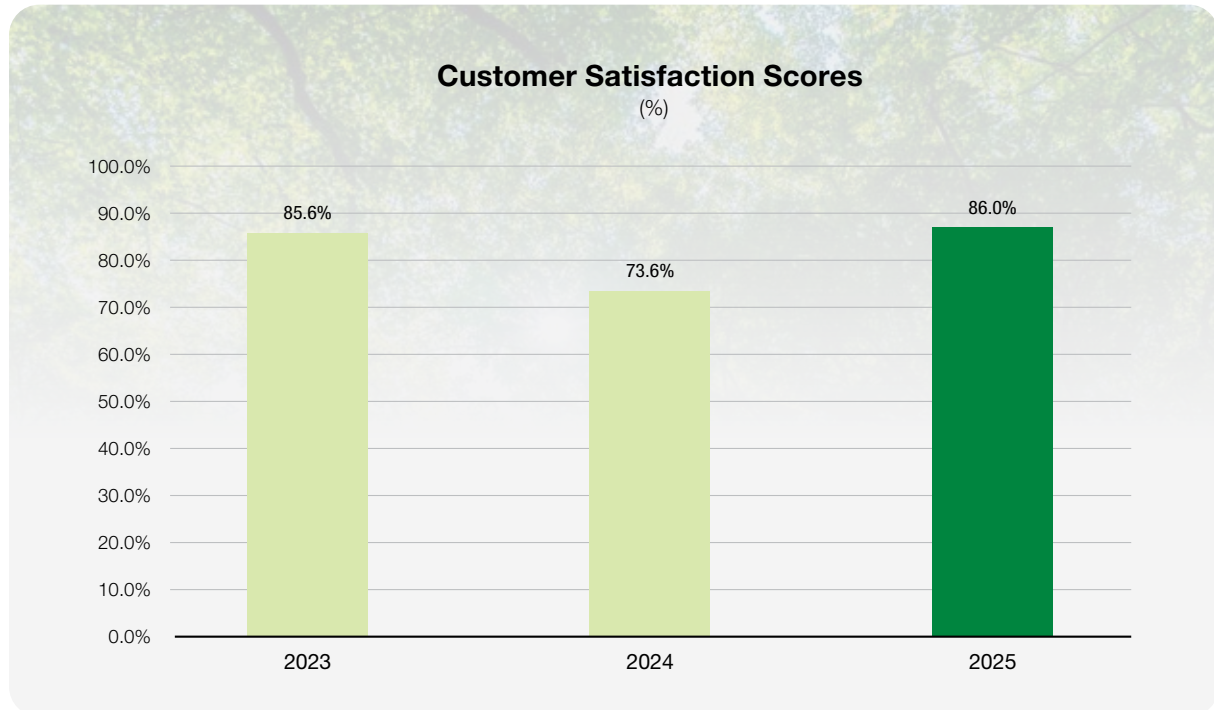
SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

PRODUCT QUALITY AND CUSTOMER SATISFACTION (CONT'D)

Product Quality Assurance (Cont'd)



	FY2023	FY2024	FY2025
Customer Complaints Received	3,970	1,463	1,432
Customer Complaints Resolved	3,854	1,463	1,432

SUSTAINABLE SUPPLY CHAIN AND LOCAL PROCUREMENT

Sustainable supply chain management and local procurement are integral to MHB's operational resilience, cost efficiency, and broader economic contribution. As a manufacturing group with an extensive supplier network, the Group recognises that the sustainability, reliability, and geographic composition of its supply chain directly influence business continuity, resource security, and long-term value creation.

Procurement activities are centrally overseen by the Purchasing Department and governed by standardised procedures aligned with ISO 9001, ISO 14001, ISO 22000, and ISO 45001, as well as the Group's Procurement Code of Conduct. These procedures guide supplier qualification, performance evaluation, and ongoing monitoring to ensure consistency, transparency, and compliance across subsidiaries. Sustainability considerations are embedded into procurement decision-making, balancing cost competitiveness with quality, regulatory requirements, environmental performance, and ethical business conduct.

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

SUSTAINABLE SUPPLY CHAIN AND LOCAL PROCUREMENT (CONT'D)

Supply Chain Management

Supplier sustainability performance is managed through a structured screening and monitoring framework designed to identify and manage environmental, social, and ethical risks within the supply chain. New and existing suppliers are assessed against defined criteria, including compliance with recognised certifications and regulatory requirements relevant to their scope of supply. For pulp sourcing, Forest Stewardship Council (“FSC”) Chain of Custody (“CoC”) certification is specifically required to support responsible material sourcing.

The Group’s expectations of suppliers are formalised through its Supplier Code of Conduct, which sets out requirements relating to environmental responsibility, labour standards, occupational health and safety, and ethical business practices. The Code is communicated to suppliers upon engagement and, where applicable, translated into local languages to support understanding and compliance across the Group’s supplier base.

Supplier evaluations form part of the Group’s ongoing monitoring processes and consider matters such as adherence to the Code of Conduct, including the public disclosure of environmental records, and broader sustainability practices, including environmental policy commitments, responsible packaging, and recycling, reuse, and waste reduction initiatives. These assessments are supported by the Group’s own management systems and standards, including FSC certification, food safety certifications, environmental policies, and ISO-related training and awareness programmes, which collectively inform the benchmark applied in supplier engagement.

Supplier assessments are conducted through standardised questionnaires, audits, and system reviews, including periodic and random physical inspections for FSC- and food safety-approved suppliers. Environmental and social risk considerations are integrated into supplier monitoring to identify compliance gaps, supply disruption risks, and opportunities for improvement. Compliance with supplier requirements is verified through audits, ISO 45001-aligned procedures, and third-party declarations, including endorsements of anti-bribery and anti-corruption policies. To support continuous improvement, capacity-building initiatives such as training and compliance programmes are implemented, with supplier performance evaluated annually. Suppliers that do not meet defined performance thresholds may be subject to corrective actions or reconsideration for future engagements.

Environmental

- Manage impacts related to energy use, greenhouse gas emissions, water consumption, pollution, waste generation, and resource efficiency, and address biodiversity considerations where relevant.
- Improve transparency and reporting where feasible and take progressive steps to reduce environmental footprints

Social and Labour

- Comply with Malaysian labour laws and relevant international frameworks, including Responsible Business Alliance (“RBA”) and Sedex principles.
- Uphold standards covering the prevention of child and forced labour, non-discrimination and equal opportunity, freedom of association and collective bargaining, working hour compliance, occupational health and safety, and adherence to minimum wage requirements.

	FY2023	FY2024	FY2025
Percentage of New Suppliers Screened Using Environmental Criteria (%)	11.1	7.7	17.4
Percentage of New Suppliers Screened Using Social Criteria (%)	4.7	8.3	10.0
Number of Suppliers Assessed for Environmental Impacts	85	54	114
Number of Suppliers Assessed for Social Impacts	92	94	129
Number of Suppliers Endorsed Anti-Bribery/Anti-Corruption Policies (third party declaration)	268	120	163

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

SUSTAINABLE SUPPLY CHAIN AND LOCAL PROCUREMENT (CONT'D)

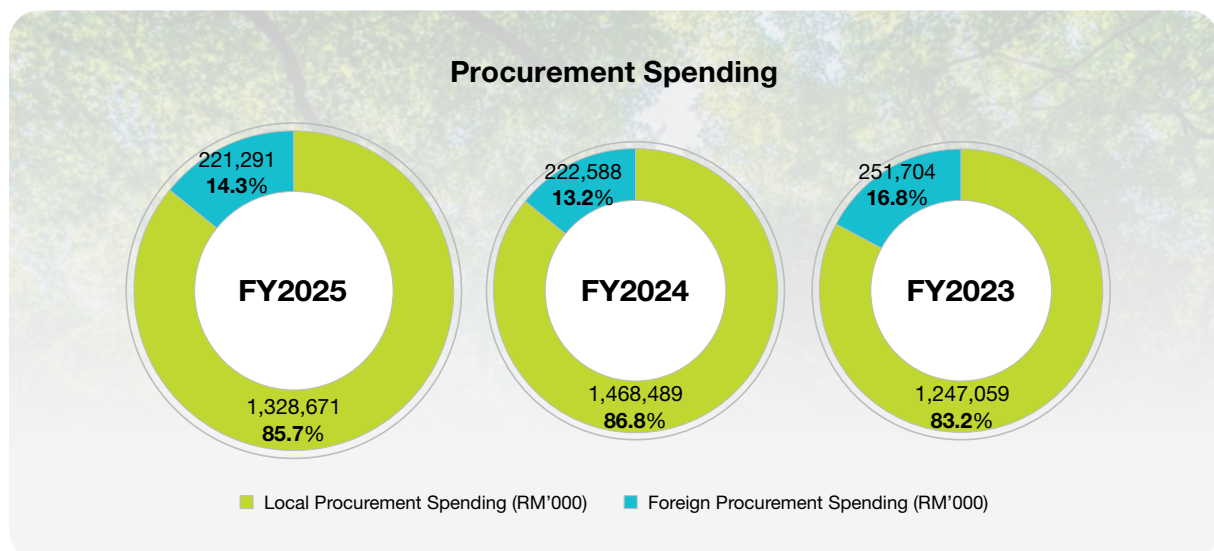
Local Procurement

Local procurement is defined as the sourcing of goods and services from suppliers based in Malaysia. This approach supports MHB's supply chain resilience, operational efficiency, and contribution to domestic economic participation by prioritising local suppliers where commercially viable. Local sourcing is embedded within the Group's procurement framework and financial coding system, enabling local procurement activities to be tracked and monitored consistently across operations.

Procurement decisions are guided by a balanced assessment of cost competitiveness, product quality, material recyclability, and waste reduction considerations. While the Group does not operate under a standalone local procurement policy, local sourcing is embedded within its sustainable procurement practices and Procurement Code of Conduct, subject to business viability and operational requirements, allowing the Group to maintain flexibility while consistently supporting local suppliers where appropriate.

To support an effective and transparent procurement process, procurement activities are conducted in accordance with standardised ISO-aligned procedures covering supplier qualification, performance evaluation, and ongoing monitoring. Oversight is provided by the Purchasing Department, which ensures compliance while driving operational efficiency. In selected subsidiaries, e-procurement systems have been introduced to enhance supplier sourcing, evaluation, and data transparency, supporting more efficient procurement processes and monitoring of local sourcing performance.

Prioritising local procurement contributes to operational efficiency through shorter delivery lead times, improved inventory management, and cost optimisation achieved via bulk purchasing and strategic supplier engagement. The Group recognises that constraints such as limited availability of specialised materials, potential quality variations, and technological limitations may arise; however, ongoing adaptation, supplier collaboration, and diversification strategies help maintain procurement resilience.



	FY2023	FY2024	FY2025
Total Number of Suppliers	3,669	3,323	3,309
Total Number of Local Suppliers	3,251	2,932	2,894
Total Number of Foreign Suppliers	418	391	415
Percentage of Local Suppliers (%)	88.6%	88.2%	87.5%

SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

SUSTAINABLE SUPPLY CHAIN AND LOCAL PROCUREMENT (CONT'D)

Local Procurement (Cont'd)

MHB has consistently maintained a strong local supplier base, with local suppliers accounting for 87.5% of total suppliers over recent years (FY2023: 88.6%; FY2024: 88.2%). In FY2025, 85.7% of total procurement spending was allocated to local suppliers. Looking ahead, MHB continues to balance local sourcing with selective global procurement to support operational resilience.

ENVIRONMENTAL TOPICS

Environmental management is embedded within the operational and risk management practices of MHB, reflecting the close link between environmental performance, regulatory exposure, and long-term competitiveness. As a manufacturer of industrial-grade paper and packaging solutions, the Group operates within a resource-intensive and regulated environment, where effective management of energy, water, emissions, and waste is essential to sustaining operational stability.

Environmental considerations are integrated into operational planning and process optimisation initiatives to enhance efficiency, manage environmental risks, and strengthen resilience against evolving regulatory and market expectations.



Key Environmental Risks	Why It Matters	Potential Implications
Climate Change	Manufacturing activities may be affected by physical climate events such as floods, droughts, and extreme weather, as well as evolving regulatory and market expectations linked to a lower-carbon economy.	Possible disruption to operations and supply chains, higher energy or compliance costs, and the need for operational adaptation over time.
Energy Use and Emissions	Manufacturing operations require significant energy input, and reliance on non-renewable energy sources may contribute to higher emissions and cost exposure.	Increased operating costs, greater focus on energy efficiency, and the need to evaluate alternative energy sources where feasible.
Waste Management	Waste generated from operations (fly ash, sludge), if not properly managed, may contribute to environmental pollution and regulatory non-compliance.	Potential treatment and disposal costs, operational inefficiencies, and exposure to regulatory penalties or reputational concerns.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE

For manufacturing-intensive sectors, climate change is not only an environmental concern but also a strategic business consideration, influencing regulatory requirements, resource availability, input costs, and operational continuity. Malaysia's sustainability reporting landscape continues to evolve, with the introduction of the National Sustainability Reporting Framework ("NSRF") and the adoption of IFRS Sustainability Disclosure Standards reinforcing expectations for structured and transparent climate-related disclosures. Organisations are increasingly expected to articulate how climate-related risks and opportunities are governed, assessed, and integrated into strategy and risk management processes.

Against this backdrop, climate change presents both physical and transition risks that may affect the operating environment of MHB, particularly given the Group's exposure to energy-intensive processes, resource availability, and evolving regulatory requirements. As such, the Group continues to enhance its assessment of climate-related risks and opportunities and progressively integrate climate considerations into enterprise risk management and operational planning, supporting resilience and informed decision-making over the short, medium, and long term.

Climate-related Strategic Disclosures

Climate Governance

Climate-related governance is embedded within the Group's broader sustainability governance framework, with oversight exercised by the Board, supported by the Sustainability Committee and management-level working groups. Further details are set out under the Sustainability Governance section in this report.

Climate-related Risks and Opportunities

The Group recognises climate change as both a risk and opportunity that may influence operational performance, strategic priorities, and long-term financial resilience. Through its Climate Risk Assessment ("CRA"), MHB has evaluated potential physical and transition risks relevant to its business model, taking into account the nature of its manufacturing operations, energy and water dependency, and exposure to evolving regulatory and market expectations.

Climate-related risks and opportunities are assessed across three-time horizons: short-term (0–2 years), medium-term (2–10 years), and long-term (>10 years). These timeframes reflect the useful life of the Group's assets and infrastructure, anticipated regulatory developments, and the projected manifestation period of climate-related impacts.

S	refers to short-term (0-2 years).	M	refers to medium-term (2-10 years).	L	refers to long-term (>10 years).
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The identified risks, summarised in the table below, encompass both physical and transition dimensions. Physical risks include intensifying rainfall patterns, rising temperatures, and potential water scarcity, which may disrupt production processes, affect asset integrity, and increase operating costs. Transition risks arise from environmental and energy policy shifts, carbon-related cost exposure, compliance requirements, and changing stakeholder expectations. Collectively, these risks may affect operational continuity, cost structures, supply chain stability, access to financing, and competitive positioning.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE (CONT'D)

Climate-related Strategic Disclosures (Cont'd)

Climate-related Risks and Opportunities (Cont'd)

Risks

Extreme Rainfall Pattern

S M L

Intensifying rainfall and flash floods present challenges such as site shutdowns, damage to inventory and equipment, and supply chain disruptions. Such events lead to delays in delivery and adversely affect the quality of stocks, resulting in customer dissatisfaction and financial losses.

Environmental and Energy Policy Shifts

S M

Escalated demands for the use of green-certified materials or green-certified suppliers may result in higher procurement costs, with potential disruptions in existing supply chain relations – driving up production costs. Policy shifts, such as carbon taxes and increased energy tariffs entail operational complexities and increase expenditures.

Rising Temperature

S M L

Higher temperatures affect worker health and productivity while increasing the risk of fire hazards and spontaneous combustion, necessitating greater cooling requirements and higher monitoring costs.

Compliance and Legal Risks

M

The increasing regulatory focus on Scope 3 decarbonisation may require companies to actively reduce emissions across their value chains. While MHB maintains FSC certification, evolving compliance expectations could necessitate greater investments in technological innovations to align with stricter sustainability standards and regulatory requirements.

Droughts/Water Scarcity

S M L

Given the operational reliance on water consumption, extended periods of water supply cuts may disrupt production timelines, in turn leading to operational delays and increased costs.

Market and Reputation

S

The financial sector's increasing emphasis on ESG performance, alongside heightened scrutiny from international clients regarding material sourcing, directly impacts capital accessibility and financing strategies. Failure to meet evolving sustainability expectations may result in reduced investor confidence, limited funding opportunities, and reputational risks that could affect market positioning and business growth.

Transition to Low-Carbon

S

Investments in decarbonisation initiatives could limit the Group's capacity to pursue other strategic priorities, such as expanding production capabilities, driving innovation, or pursuing acquisitions. This trade-off necessitates a careful evaluation of long-term environmental gains against immediate financial returns.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE (CONT'D)

Climate-related Strategic Disclosures (Cont'd)

Climate-related Risks and Opportunities (Cont'd)

In parallel, the Group has identified climate-related opportunities that may strengthen resilience and support sustainable growth. Investments in renewable energy infrastructure, including solar and biomass-based systems, are expected to enhance long-term cost stability, reduce emissions intensity, and improve energy security. The adoption of low-carbon technologies may mitigate potential carbon tax exposure, while participation in carbon credit mechanisms may provide flexibility in managing residual emissions. Furthermore, expanding sustainable and value-added paper products, including FSC-certified and environmentally responsible packaging solutions, positions the Group to capture evolving market demand and strengthen its reputation as a responsible manufacturer.

Opportunities

Renewable Energy Adoption



Long-term investments in renewable energy infrastructure provide significant cost savings, reduce the Group's carbon footprint, and strengthen market positioning. While the upfront capital and operational expenditures for solar panels and biomass boilers may be substantial, sustained usage over time is expected to yield positive returns on investment ("ROI") through lower energy costs. To support these initiatives, MHB is actively exploring internal and external financing options to drive further renewable energy adoption.

Diversification of Business Activities/Access to New Markets



Expanding into environmentally friendly sectors presents new revenue opportunities while strengthening MHB's brand as a forerunner in green manufacturing. This includes the development of value-added paper products, such as specialty papers and sustainable packaging solutions, which cater to growing market demand and align with stricter environmental regulations. Diversification into renewable energy sources, such as biomass-based power generation, could further establish a sustainable revenue stream and reinforce MHB's position as a leader in the green industry. Additionally, exploring alternative packaging solutions, including sustainable paper-based materials and recycled content, enables the Group to adapt to shifting consumer preferences and regulatory landscapes, reducing reliance on traditional paper products while capturing emerging market opportunities.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE (CONT'D)

Climate-related Strategic Disclosures (Cont'd)

Climate-related Risks and Opportunities (Cont'd)

Opportunities

Carbon Market Participation and Environmental Credits

L

The adoption of low-carbon technologies such as solar panels and energy-efficient equipment, positions MHB to benefit from lower carbon tax liabilities once such regulations come into effect. Recognising the strategic value of carbon credits in addressing residual emissions, the Group acknowledges that while purchasing carbon credits may lead to higher upfront costs and increased short-term compliance expenses, these could be partially offset by tax benefits and environmental incentives. In the long term, leveraging carbon credits would help mitigate financial risks associated with future carbon taxation policies, stabilise production costs, and maintain competitive pricing in an increasingly low-carbon economy.

In FY2025, the Group has initiated preliminary assessments on potential participation in environmental credit mechanisms, including both carbon credits and plastic credits. This includes engagement with external consultants and the conduct of stakeholder consultations to evaluate feasibility, environmental impact, and alignment with recognised certification standards.

Initial assessments have focused on opportunities linked to biomass utilisation and waste recovery processes, where emissions reduction or avoidance may be realised through the conversion of biomass residues into energy. In parallel, the Group is exploring plastic credit mechanisms as a means to support plastic waste collection and recycling efforts, in line with broader circular economy objectives.

While these initiatives remain at an early stage, they reflect the Group's proactive approach in assessing emerging market mechanisms that may enhance its ability to manage residual emissions, strengthen resource efficiency, and position the business to capture longer-term value from evolving carbon and circular economy markets.

Strategically, climate-related considerations are progressively integrated into capital planning, operational efficiency initiatives, and supply chain management. Physical risks may result in operational downtime, asset damage, and logistics disruptions, while transition risks may require additional capital expenditure, technology upgrades, and adjustments to procurement practices. Accordingly, climate-related factors are increasingly incorporated into budgeting processes and investment appraisals to support informed trade-offs between near-term financial performance and long-term resilience.

From a financial planning perspective, the CRA workshop conducted in FY2024 has incorporated scenario analysis to evaluate potential exposure to regulatory shifts, energy cost volatility, carbon pricing developments, and extreme weather disruptions. This enables the Group to assess the potential financial implications of climate-related risks under differing transition pathways and physical risk intensities, and to evaluate mitigation and adaptation strategies aimed at protecting asset value, managing cost pressures, and sustaining operational resilience.

Climate scenarios are assessed across two interrelated dimensions:

- **physical risk intensity**, reflecting the severity and frequency of climate hazards; and
- **transition risk intensity**, reflecting the pace and scale of decarbonisation, regulatory tightening, and market transformation.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE (CONT'D)

Climate-related Strategic Disclosures (Cont'd)

Climate-related Risks and Opportunities (Cont'd)

These dimensions are typically inversely related. Scenarios characterised by earlier and more stringent mitigation measures tend to moderate long-term physical impacts but elevate near- to medium-term transition risks. Conversely, slower policy action may reduce immediate transition pressures but result in progressively higher physical risk exposure over time.

Two reference scenarios were considered:

- **SSP2-4.5** reflects a pathway of moderate and uneven global decarbonisation, with gradual policy strengthening and continued emissions growth before stabilisation. Under this scenario, both transition and physical risks progressively intensify over time. Regulatory requirements and energy costs are expected to rise incrementally, while physical climate impacts become more pronounced in the medium to long term.
- **NGFS Net Zero 2050** represents a rapid and coordinated global transition consistent with limiting warming to approximately 1.5°C. This pathway assumes early and stringent policy intervention, accelerated deployment of renewable energy, electrification, and structural shifts in energy systems. Under this scenario, transition risks are materially higher in the near-to-medium term due to tightening carbon policies, increased disclosure expectations, and rising decarbonisation-related costs. However, long-term physical risks are comparatively moderated as a result of stronger mitigation action.

By evaluating exposures under both scenarios, the Group strengthens its understanding of potential cost implications, regulatory pressures, and operational disruptions across varying climate futures, thereby enhancing the resilience of its strategy over short-, medium-, and long-term horizons.

Climate Risk Management

The CRA workshop was conducted in November 2024, involving representatives from multiple departments and subsidiaries, with support from an external consultant. This process enabled the integration of operational insights with climate expertise, ensuring that risk identification reflects both business realities and evolving regulatory and climate-related developments.

Climate-related risks and opportunities were identified across physical and transition categories and assessed over defined short-, medium-, and long-term horizons. The assessment considered potential operational, financial, regulatory, and supply chain implications under different climate scenarios. Identified risks were evaluated based on severity, likelihood, potential financial exposure, and alignment with strategic business priorities.

A structured multi-criteria assessment methodology was applied to prioritise risks, combining impact magnitude and probability within a standardised risk scoring framework. Stakeholder inputs and materiality considerations were incorporated to ensure that significant climate-related risks are appropriately prioritised. This approach enables the Group to differentiate between emerging, moderate, and higher-impact exposures and to develop proportionate mitigation and adaptation strategies.

The consolidated CRA findings inform the Group's evolving climate risk management approach. Identified climate-related risks are progressively considered within broader risk discussions and are expected to be further integrated into the Group's enterprise risk management ("ERM") processes as governance and reporting practices mature. ESG-related exposures, including regulatory compliance risks, evolving disclosure requirements, and reputational risks linked to sustainability performance, are also monitored in conjunction with climate-related assessments.

Mitigation measures include operational adjustments, infrastructure resilience enhancements, energy transition initiatives, and supply chain optimisation strategies. Risk management actions are monitored periodically, with updates escalated to the Sustainability Committee and Board as part of ongoing governance oversight.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

CLIMATE CHANGE (CONT'D)

Climate-related Strategic Disclosures (Cont'd)

Climate-related Metrics and Targets

In FY2025, MHB continued to measure and monitor its greenhouse gas ("GHG") emissions across Scope 1, Scope 2, and selected Scope 3 categories, as part of its broader climate risk management and performance tracking framework. Scope 1 emissions arise primarily from fuel and biomass consumption within operations, while Scope 2 emissions relate to purchased energy (i.e. grid electricity). Scope 3 emissions currently include business travel and employee commuting. The Group recognises that emissions arising from its upstream and downstream value chain may be significant, given the nature of its manufacturing operations and supply chain dependencies. As such, MHB has developed a phased roadmap to progressively assess, expand, and enhance Scope 3 data coverage as data availability, supplier engagement, and internal measurement capabilities mature.

Refer to the Emissions Management section for detailed breakdowns and performance analysis.

The Group has established climate-related targets to guide its decarbonisation trajectory and manage transition risks. These include:

- Increasing renewable energy contribution to 40% of total energy mix by FY2030;
• Reducing Scope 1 emissions by 5% by FY2030, using FY2023 as the baseline year; and
• Achieving net carbon neutrality by FY2050, subject to technological feasibility, regulatory developments, and operational considerations.

These targets support the Group's efforts to mitigate carbon-related cost exposure, enhance energy resilience, and align with evolving regulatory and market expectations. Progress against climate-related metrics and targets is monitored periodically and reviewed as part of the Group's broader sustainability governance framework.

EMISSIONS MANAGEMENT

Emissions management forms a core component of MHB's environmental stewardship and climate transition pathway. As a manufacturing-intensive group, GHG emissions arise primarily from fuel combustion in boilers and machinery, purchased electricity consumption, and limited value chain activities. Managing these emissions is therefore intrinsically linked to energy performance, regulatory compliance, cost optimisation, and long-term operational resilience.

The Group's commitment to addressing climate change is embedded within its Environmental Policy and sustainability governance framework. This commitment includes complying with applicable environmental laws and regulations, systematically monitoring emissions sources, improving energy efficiency, and progressively reducing carbon intensity across operations. Climate-related considerations are integrated into strategic planning, capital allocation, and enterprise risk management processes to ensure that emissions reduction efforts are aligned with broader business objectives.

To operationalise this commitment, MHB allocates resources across financial, technological, and human capital dimensions, supporting a decarbonisation strategy centred on practical, operations-driven initiatives.

Financial Commitment
Capital expenditure ("CAPEX") and operational budgets are allocated to emissions reduction initiatives, including energy efficiency upgrades, renewable energy installations, and fuel-switching projects.

Technological Investment
Advanced equipment and process optimisation measures are implemented to enhance energy efficiency and lower combustion-related emissions.

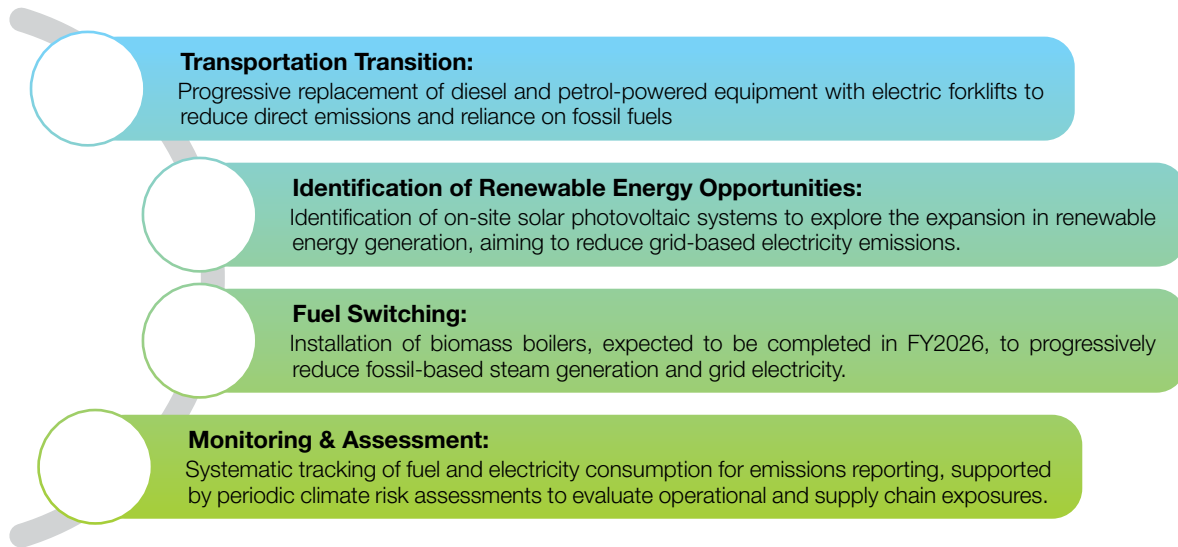
Human Capital & Oversight
Competent personnel are appointed and trained to oversee environmental monitoring, data management, and regulatory compliance.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

EMISSIONS MANAGEMENT (CONT'D)



These initiatives collectively underpin the Group's operational transition strategy. In line with its transition pathway, MHB has established the following climate-related targets:

- Reducing Scope 1 emissions by 5% by FY2030, using FY2023 as the baseline year; and
- Achieving net carbon neutrality by FY2050, subject to technological feasibility, regulatory developments, and operational considerations.

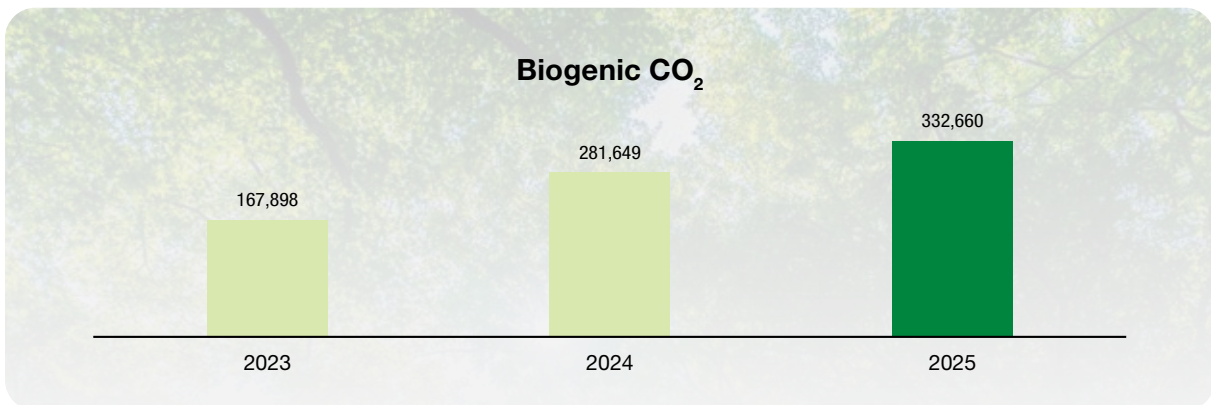
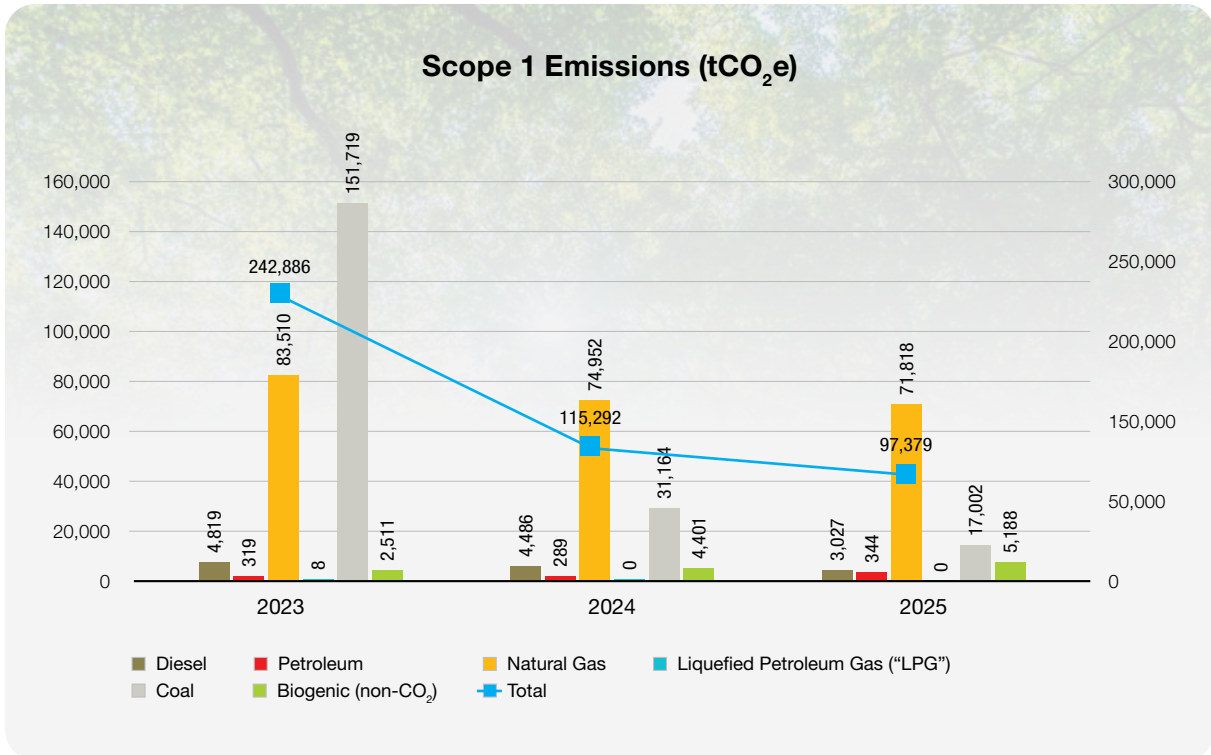
The Group's GHG emissions inventory is prepared in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and adopts an operational control approach. For the reporting period, the inventory covers all entities within the Group's local operational boundary. Across MHB's operations, Scope 1 emissions arise primarily from fuel combustion in boilers, machinery, generators, and company-owned vehicles. Scope 2 emissions relate to purchased electricity consumed in manufacturing and support functions.

Given the energy-intensive nature of paper milling and corrugating processes, stationary combustion sources remain the most material contributor to the Group's Scope 1 emissions. These arise primarily from boiler operations, which generate steam for paper forming and drying, as well as from the combined heat and power ("CHP") plant, where natural gas is used to generate electricity and recover heat for the paper drying process. The Group operates a diversified fuel mix comprising natural gas, coal, and biomass fuels such as wood chips, palm kernel shells ("PKS") and empty fruit bunch fibre ("EFB"), supporting both operational reliability and progressive fuel transition efforts. In addition to stationary combustion sources, diesel and petrol are used to power forklifts, generators, and operational vehicles across selected sites.

In FY2025, the reduction in Scope 1 emissions was driven principally by lower coal consumption following the increased use of biomass fuels and the commissioning of biomass boilers in MPM Tasek. As boiler operations and on-site energy generation constitute the largest share of the Group's direct emissions profile, this fuel-switching initiative remained the key lever in moderating overall Scope 1 emissions. The Group therefore continues to pursue its medium-term objective of progressively phasing out coal in favour of biomass, subject to technical feasibility, fuel availability, and cost considerations. Separately, ongoing route optimisation, enhanced fleet management, and gradual electrification initiatives have also contributed to a reduction in diesel consumption. As a result, total Scope 1 emissions for FY2025 came to 97,379 tCO₂e, representing a 15.5% decline compared to FY2024.

ENVIRONMENTAL TOPICS (CONT'D)

EMISSIONS MANAGEMENT (CONT'D)



Note:

1. Emissions from biomass fuels, namely PKS, EFB, and wood chips, are segregated in line with the Group's enhanced GHG accounting methodology following the GHG Protocol. Non-CO₂ GHG emissions from biomass combustion are included within Scope 1, while biogenic CO₂ emissions are now disclosed separately. Prior year figures have been restated accordingly.
2. Emissions from PKS and EFB currently apply the US EPA agricultural by-product emission factor as a conservative upper-bound estimate, pending the availability of more specific factors from established databases.
3. Prior year emissions from coal have been restated following an update to the emission factor, based on the assumption that the coal utilised is bituminous in nature.
4. The emission factor and Global Warming Potential ("GWP") values for Scope 1 emission calculations for other sources are retrieved from the Intergovernmental Panel on Climate Change ("IPCC") database.

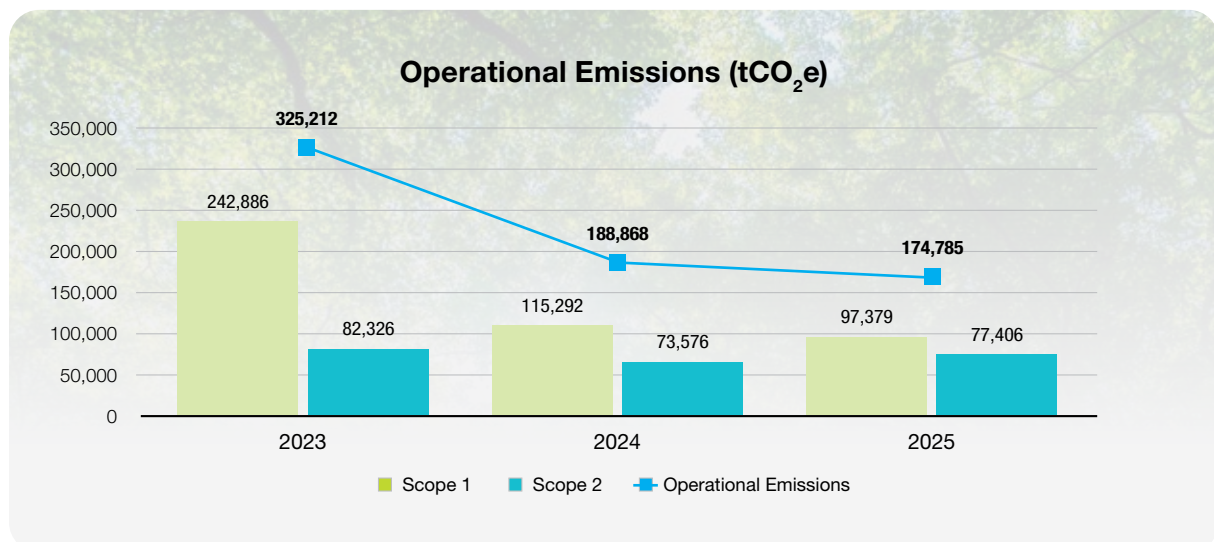
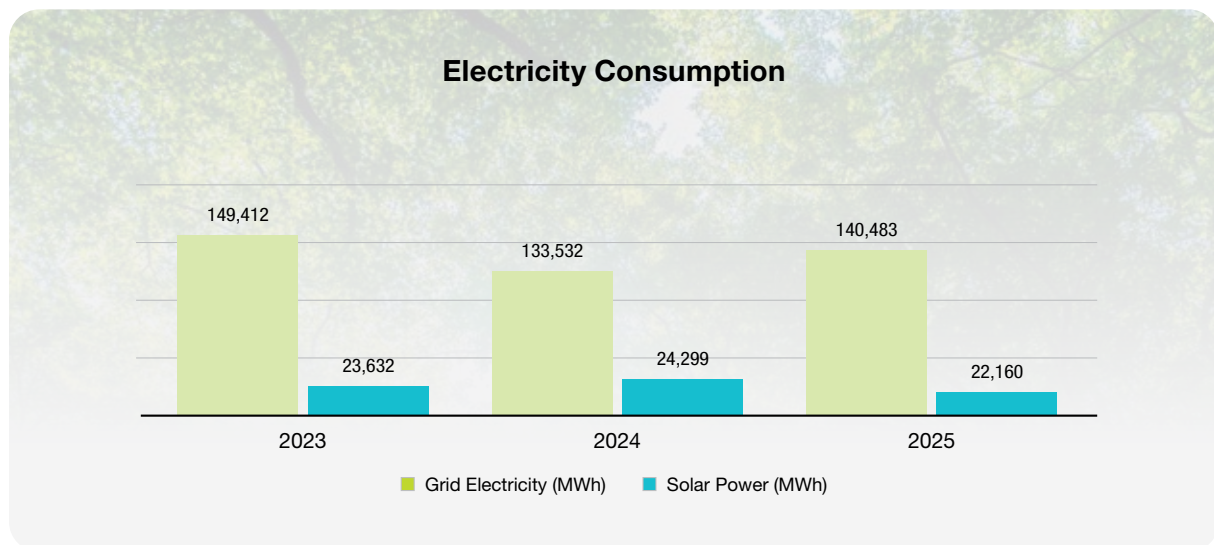
SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

EMISSIONS MANAGEMENT (CONT'D)

As the Group advances its electrification initiatives, purchased electricity remains a significant energy input, alongside self-generated electricity from the natural gas-fired CHP plant. At the same time, continued integration of on-site solar generation has moderated reliance on grid electricity and strengthened the Group's Scope 2 emissions performance. In FY2025, total grid electricity consumption amounted to 140,483 MWh, while on-site solar generation contributed 22,160 MWh. Renewable electricity generation helped avoid an estimated 12,211 tCO₂e of emissions during the year, with reported Scope 2 emissions amounting to 77,406 tCO₂e.



Note:

1. The emission factor used in Scope 2 emission calculations is based on the UNFCCC Harmonised Grid Factors 2021.
2. With biogenic CO₂ emissions now reported separately, past year operational emissions and its intensities have been restated accordingly.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

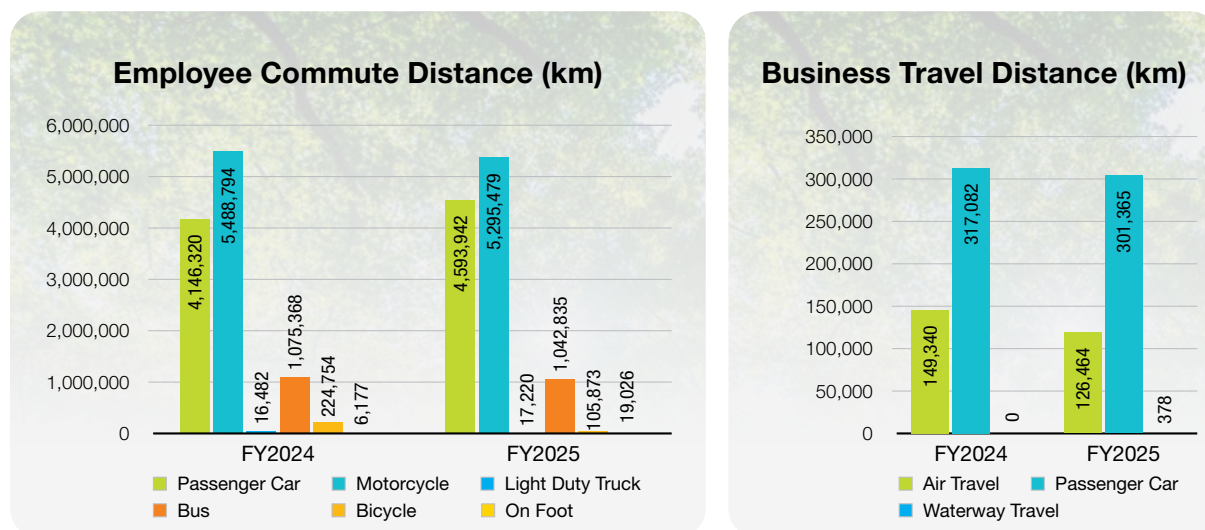
EMISSIONS MANAGEMENT (CONT'D)

	FY2023	FY2024	FY2025
Emission Intensity (tCO₂e / RM million)	179.1	104.2	97.2

Total operational emissions (Scope 1 and Scope 2) for FY2025 amounted to 174,785 tCO₂e (FY2024: 188,868 tCO₂e), representing an 7.5% reduction year-on-year, mirroring the decline in Scope 1 emissions driven by the Group's continued fuel transition and progressive reduction in coal usage. To assess emissions performance relative to business activity, MHB benchmarks operational emissions against annual revenue, enabling evaluation of emissions intensity alongside business growth. In FY2025, emission intensity stood at 97.2 tCO₂e/RM million, representing a 6.7% decrease compared to FY2024. This trend reflects the interaction between operational scale and efficiency gains, reinforcing the importance of continued fuel transition, renewable energy deployment, and process optimisation to manage emissions growth alongside business expansion.

Scope 3 emissions represent indirect GHG emissions arising from activities occurring outside the Group's direct operational control but within its value chain. For the reporting period, MHB discloses selected Scope 3 categories, namely business travel and employee commuting, based on data availability and current measurement capabilities.

Employee commuting emissions are calculated using a distance-based methodology, incorporating transportation modes and fuel types where available. Business travel emissions are derived from transportation records for official travel activities undertaken during the financial year.



Scope 3 Emissions (tCO ₂ e)	FY2023	FY2024	FY2025
Employee Commuting	1,680	2,117 ²	2,156
Business Travel	–	71	66
Total Scope 3 Emissions (tCO₂e)	1,680	2,188	2,222

Note:

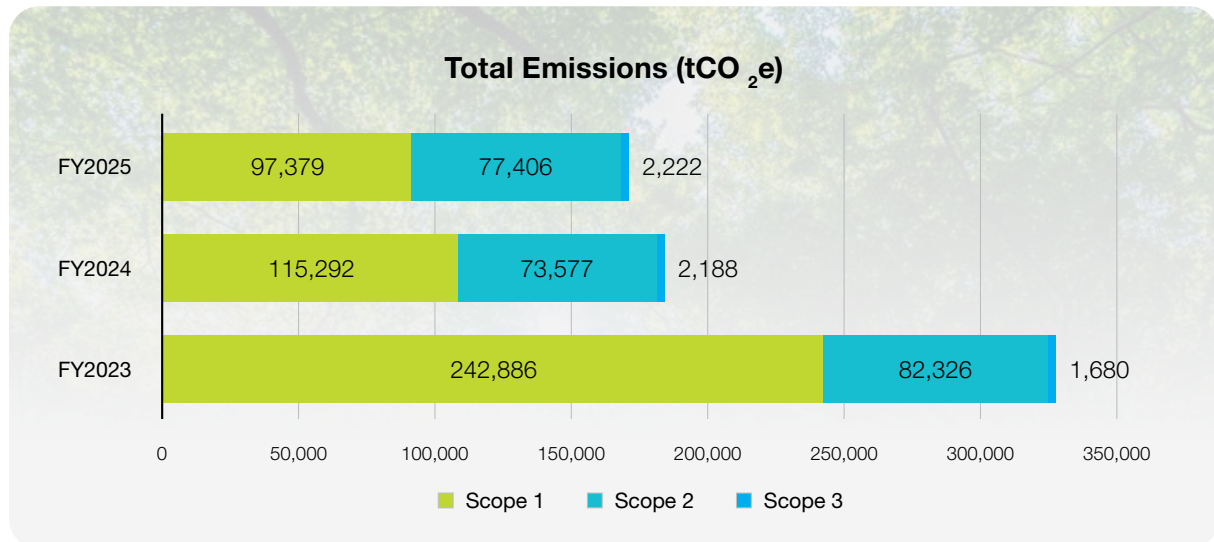
- Employee commute data includes 6,188 L of petrol claimed for FY2024, and 6,927 L of petrol claimed for FY2025, where both are not reflected in commute distance, amounting to an additional 17.34 tCO₂e and 19.41 tCO₂e in respective Scope 3 emission disclosures.
- Employee commuting data for FY2024 has been restated to reflect enhancements and updates to the underlying data inputs.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

EMISSIONS MANAGEMENT (CONT'D)



ENERGY MANAGEMENT

The Group adopts a structured approach to energy management that emphasises efficiency optimisation, diversification of energy sources, and progressive integration of renewable energy. Energy performance considerations are embedded into capital expenditure decisions, equipment upgrades, and operational control systems to ensure that production growth is supported by efficient resource utilisation.

Energy efficiency and conservation measures are embedded and implemented across operations through the deployment of higher-efficiency machinery, optimisation of production processes, and periodic energy audits. Key initiatives undertaken during the year include:

- Reduced diesel and petrol consumption through route optimisation and improved trip planning.
- Conversion of diesel forklifts to electric units.
- Replacement of pumps, lighting systems, and screening equipment with higher-efficiency alternatives.
- Optimisation of control systems, including the replacement of control valves with inverter-driven systems.
- Reinforcement of energy-saving practices among employees, including systematic shutdown of idle equipment.

In parallel, the Group maintains a forward-looking transition roadmap to strengthen long-term energy resilience and renewable integration. Planned and ongoing initiatives include:

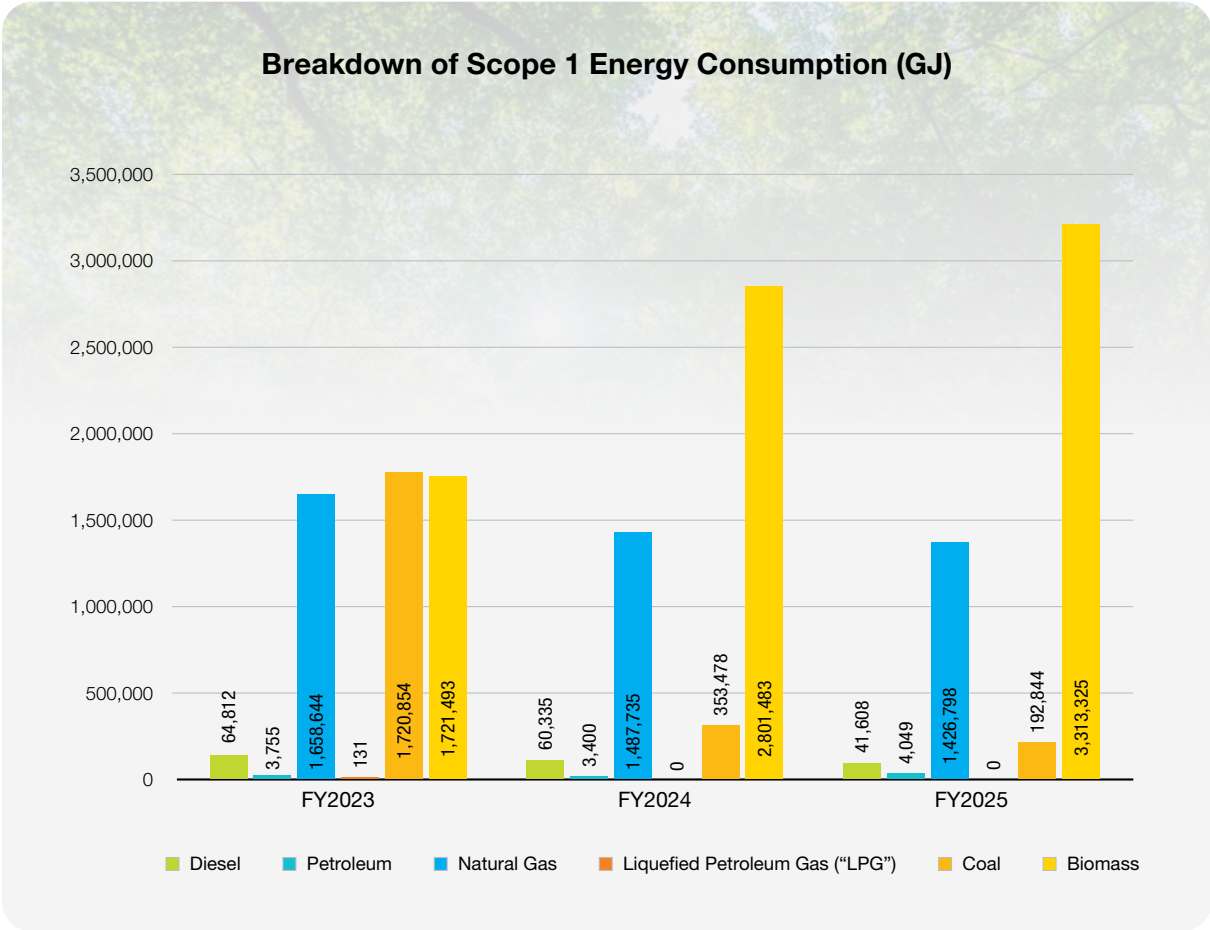
- Installation and expansion of biomass boilers for steam generation in milling operations.
- Identification of suitable sites for solar photovoltaic installation.
- Continued implementation of inverter-based systems and energy-efficient production equipment.
- Phased replacement of legacy lighting systems across plant and office facilities.
- Progressive upgrade of major equipment to higher-efficiency alternatives, including two-stage compressor systems and vacuum turbo blowers.

ENVIRONMENTAL TOPICS (CONT'D)

ENERGY MANAGEMENT (CONT'D)

The Group tracks key performance indicators relating to electricity and gas consumption, diesel usage, and biomass utilisation to monitor energy trends and inform operational decision-making. Continuous Improvement Project Teams, supported by dedicated financial and human resources, oversee the identification and implementation of energy optimisation opportunities across subsidiaries.

With a varied energy mix underpinning its emissions inventory, MHB operates a diversified energy portfolio comprising grid and solar electricity, on-site steam generation from boilers, CHP systems, biomass fuels, and others. This multi-source structure enhances operational flexibility, moderates exposure to grid volatility, and strengthens energy resilience across production facilities.



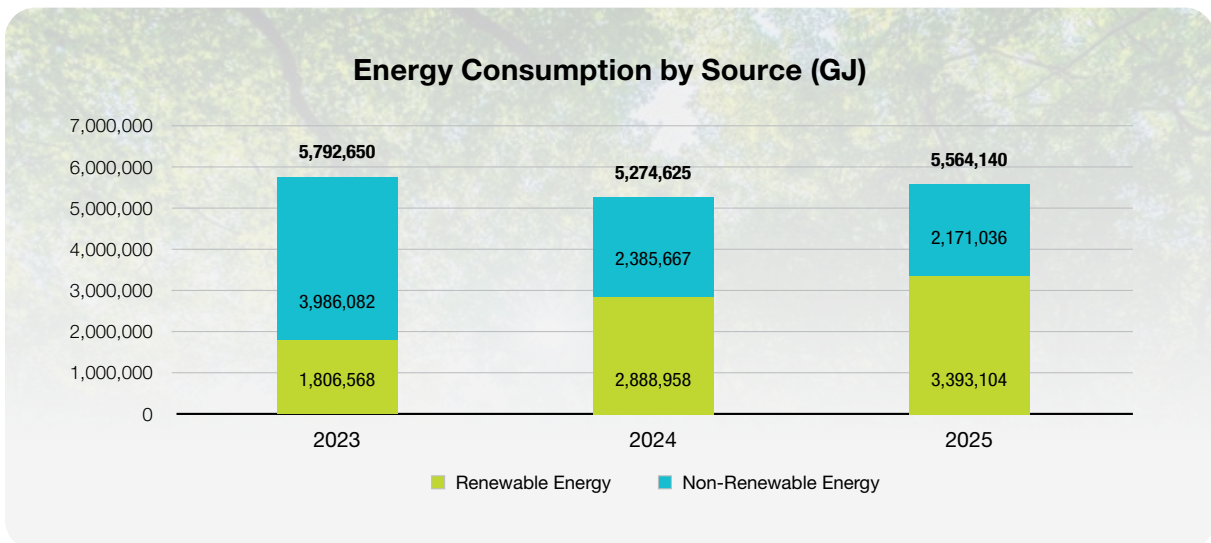
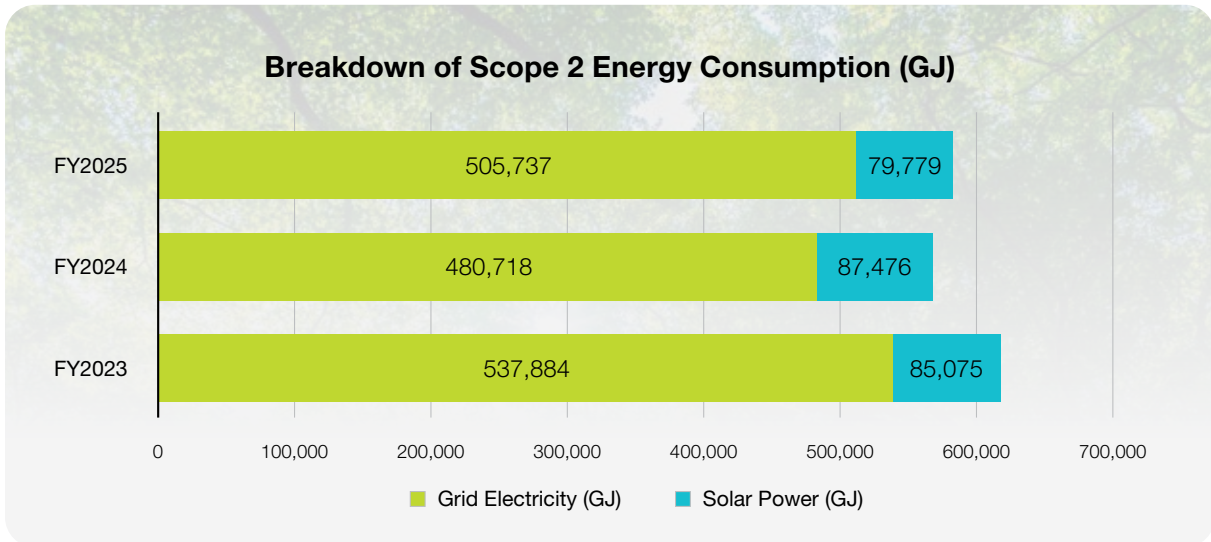
Note: Conversion factors for non-renewable energy sources, used to convert activity data into energy values, are based on the Malaysia Energy Statistics Handbook 2020, where available. Conversion factors for biomass energy sources are derived from the U.S. EPA heat content database. Prior year data have been restated to reflect updates to these conversion factors.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

ENERGY MANAGEMENT (CONT'D)



Total energy consumption increased by 5.5% to 5,564 MJ in FY2025. Notably, this additional energy demand was increasingly met by renewable sources, supported by expanded biomass utilisation and solar generation capacity. Consequently, renewable energy's share of total operational energy use continued its upward trend over recent years, reaching 61.0% in FY2025, reinforcing the Group's ongoing transition towards a lower-carbon energy profile while maintaining production reliability.

FY2025
61.0%
renewable energy use
FY2024: 54.8% | FY2023: 31.2%

SUSTAINABILITY STATEMENT

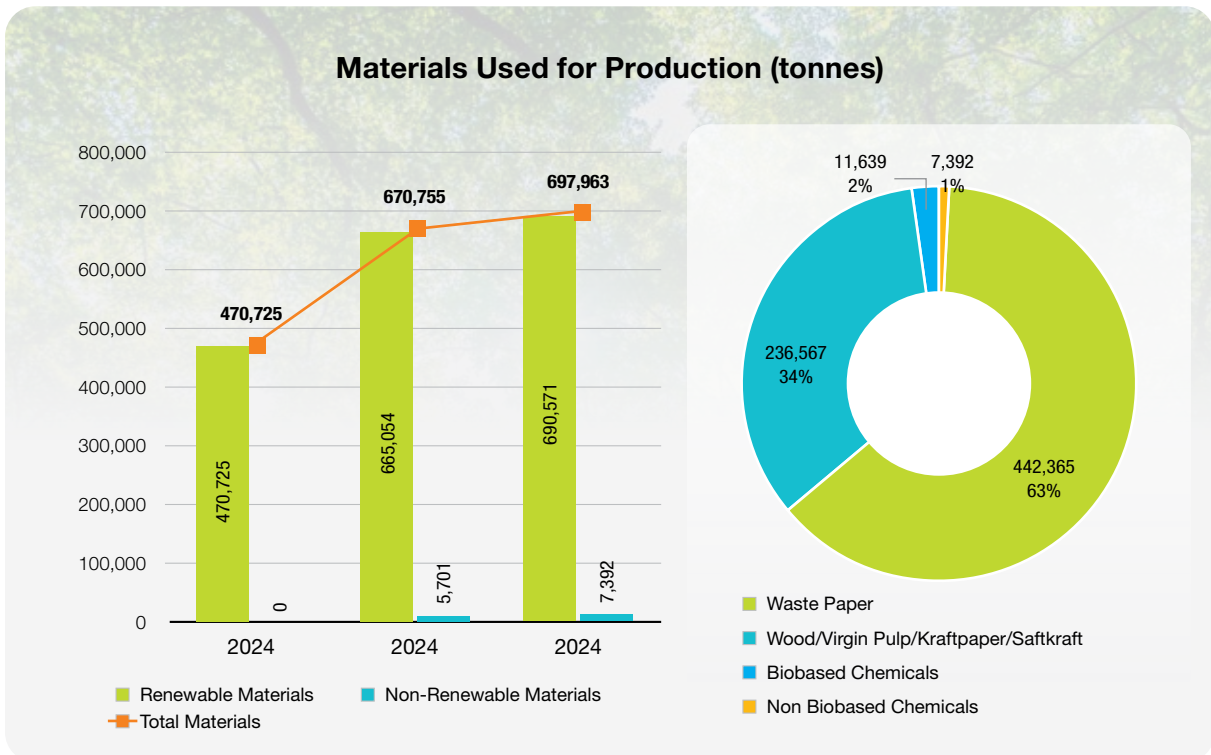
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ENVIRONMENTAL TOPICS (CONT'D)

WASTE AND CIRCULARITY

Waste and material circularity are integral to MHB's environmental strategy and operational efficiency. As a paper milling and corrugating manufacturer, the Group's production model is inherently material-intensive and closely linked to fibre recovery, resource optimisation, and waste minimisation. Accordingly, MHB adopts a circularity-driven approach that emphasises responsible material sourcing, internal recovery loops, and disciplined waste governance to reduce environmental impact while strengthening cost efficiency and resource security.

In FY2025, the Group continues to strengthen the scope and robustness of material data collection across subsidiaries, improving visibility over both renewable and non-renewable inputs. The Group utilises a predominantly renewable material base in its production processes, with more than 98.9% of total input materials comprising renewable resources. Recycled fibre remains the primary input for operations, demonstrating the Group's responsibility to circular resource utilisation and responsible material stewardship.



The Group employs several resource use strategies, including our partnership with the FSC and maintaining our FSC certification, alongside our material management and planning practices:

The Group recognises that irresponsible resource consumption can contribute to resource scarcity, constrain sustainable growth, and exacerbate broader socio-economic pressures. While the paper industry is often regarded as environmentally beneficial due to its recyclability and renewable feedstock base, reliance on recycled materials can also expose the Group to secondary fibre shortages and price volatility. Accordingly, MHB adopts a balanced sourcing strategy, combining recycled inputs with disciplined inventory planning and supplier diversification to enhance material resilience.

Circularity extends beyond sourcing into internal production processes and post-consumer recovery. Waste reduction efforts are embedded within production planning, process optimisation, and continuous improvement initiatives to lower waste intensity while maintaining product quality and operational reliability.


SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)


WASTE AND CIRCULARITY (CONT'D)


Paper waste generated from corrugating and trimming processes is collected, bundled, weighed, and channelled for recycling, including internal recovery to the Group's mills where applicable. Corrugated wastepaper is sold back into internal fibre streams, reinforcing circular material flows. The Group maintains a target of directing 100% of trim wastepaper to recycling facilities.



Resource Optimisation:
Careful assessment and forecasting of material needs, efficient procurement, and advanced inventory management systems


Efficient Resource Usage:
Planning for efficient resource use to maximise output while mitigating waste.








Cost Optimisation:
Producing finished goods in an optimal and cost-efficient manner

Inventory Management:
Performing materials purchase planning and stock control.



The Group also reclaims products and packaging materials through multiple avenues. Rejected cartons, wood, plastic pallets, and recycled cores returned by customers are collected for reuse. Beyond material collection, MHB aims to reduce overall packaging intensity by transitioning towards palletised packaging systems, thereby reducing stretch film consumption. These efforts are complemented by efficient utilisation of reclaimed materials and optimised production processes, ensuring recovered materials are properly segregated, processed, and reintroduced into the supply chain wherever feasible.

These initiatives form part of MHB's broader waste reduction and circularity strategy, which is anchored on three core principles:

 <p>Prevention and reduction at source through process optimisation and machine efficiency;</p>	 <p>Resource recovery and circularity, particularly fibre recovery and recycling; and</p>	 <p>Regulatory-compliant treatment and disposal for unavoidable waste streams.</p>
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In line with this framework, the Group undertakes additional circular measures including fibre recovery from sludge and reject streams from milling processes for reuse in production, as well as the development of the outthrow plant in FY2025 to enhance fibre recovery rates and reduce disposal of rejects to landfill. In addition, continuous improvement projects focused on reducing machine wastage and trimming losses are undertaken on an ongoing basis. Waste reduction considerations are embedded within production planning and operational controls to lower waste intensity while maintaining product quality and reliability.

Collectively, these measures enhance resource efficiency, reduce material losses, lower disposal volumes, and strengthen long-term circular resource management across operations.

The Group maintains compliance with applicable environmental regulations, including the Environmental Quality Act ("EQA") 1974 and the Environmental Quality (Scheduled Wastes) Regulations. Waste management practices are governed by the Environmental Policy, Safety and Health Policy, Waste Management Procedures, RoHS requirements, and the Environmental Management Programme, under which objectives and targets are formally established and monitored. The Environmental Policy emphasises waste minimisation, sustainable resource use, and environmental impact reduction, while the Safety and Health Policy ensure that waste handling and disposal activities safeguard employee health and minimise exposure to hazardous materials.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

WASTE AND CIRCULARITY (CONT'D)

Employees receive periodic training on waste segregation, safe handling, and responsible disposal practices. Third-party waste management partners are subject to due diligence, including verification of valid licences, contractual documentation, and environmental compliance standards to ensure regulatory adherence and traceability.

Structured monitoring mechanisms are in place to ensure transparency and operational accountability. Waste data is recorded daily, consolidated monthly, and reviewed at management level. Finance teams monitor wastage as a percentage of production output, reinforcing cost discipline, and efficiency oversight.

Monitoring mechanisms include:

Recording and tracking of total waste volumes generated;	Monthly monitoring of machine paper wastage performance;
Monitoring of waste paper bundles and recovery rates;	Periodic internal waste audits covering segregation and disposal pathways.
Tracking of scheduled waste via ESWIS and consignment documentation;	

Waste generation across the Group primarily arises from corrugating and paper milling operations.

- Corrugating plants generate excess paper from trimming processes, as well as water-based inks and adhesives.
- Paper mills generate fibre-processing sludge and chemical-related waste streams associated with production activities.

Waste streams are then categorised into scheduled (hazardous) and non-hazardous waste in accordance with regulatory classifications.

Scheduled Waste (Hazardous)	Non-Hazardous Waste
<ul style="list-style-type: none"> • SW 303: Jerricans • SW 305: Steel bungle drums • SW 409: Jumbo bags (used for contaminated containers) • SW 410: Boxes (used for contaminated rags and plastic) • SW 416: Small boxes (used for dry sludge) • SW 417: IBC Tanks • SW 306: Spent hydraulic oil 	<ul style="list-style-type: none"> • General Solid Waste: Includes administrative waste, packaging materials, and other non-recyclable / non-hazardous waste from daily operations. Disposal is via landfill or incineration. • Recyclable Materials: This includes paper, plastics, containers, metals, and other recyclable materials. Paper waste is collected, bundled, weighed, and sent to recycling companies

MHB employs differentiated disposal methods based on waste classification. Scheduled waste is segregated, stored, and disposed of by Department of Environment (“DOE”)-licensed collectors, with full traceability maintained through ESWIS and consignment notes. Non-scheduled waste is managed through licensed contractors and monitored via council billing and disposal documentation.

With a total of 71,953 tonnes of waste generated in FY2025, representing a 5.9% reduction compared to the previous year, the Group continues to prioritise diversion and recovery over disposal wherever operationally feasible. Of the total waste generated, 14,181 tonnes (19.7%) were diverted from disposal, all of which were recycled. The remaining 57,772 tonnes (80.3%) were disposed through approved disposal and treatment methods in compliance with regulatory requirements.

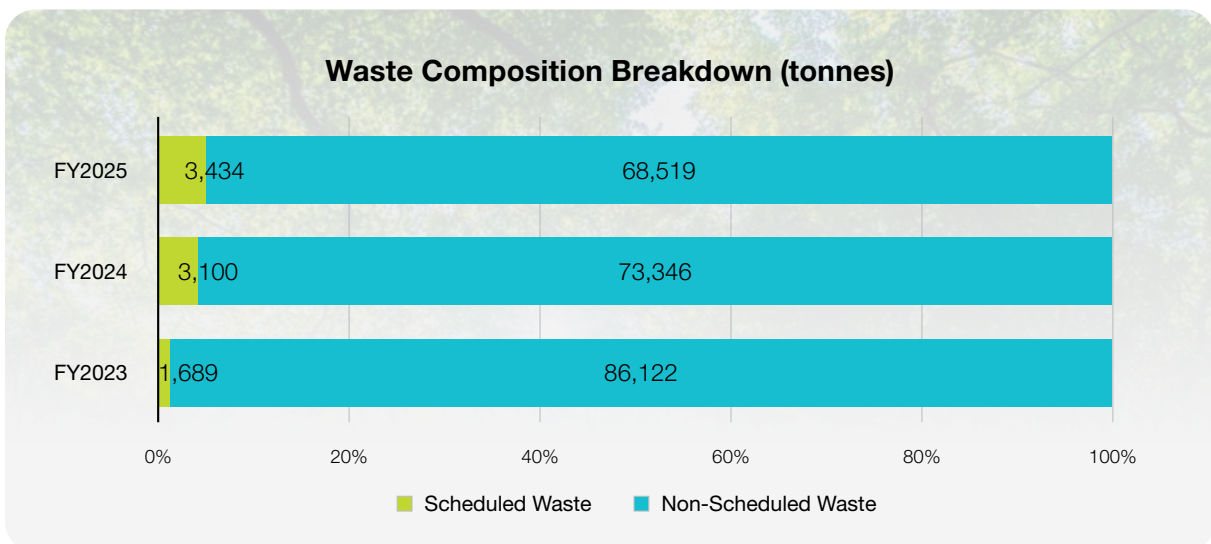
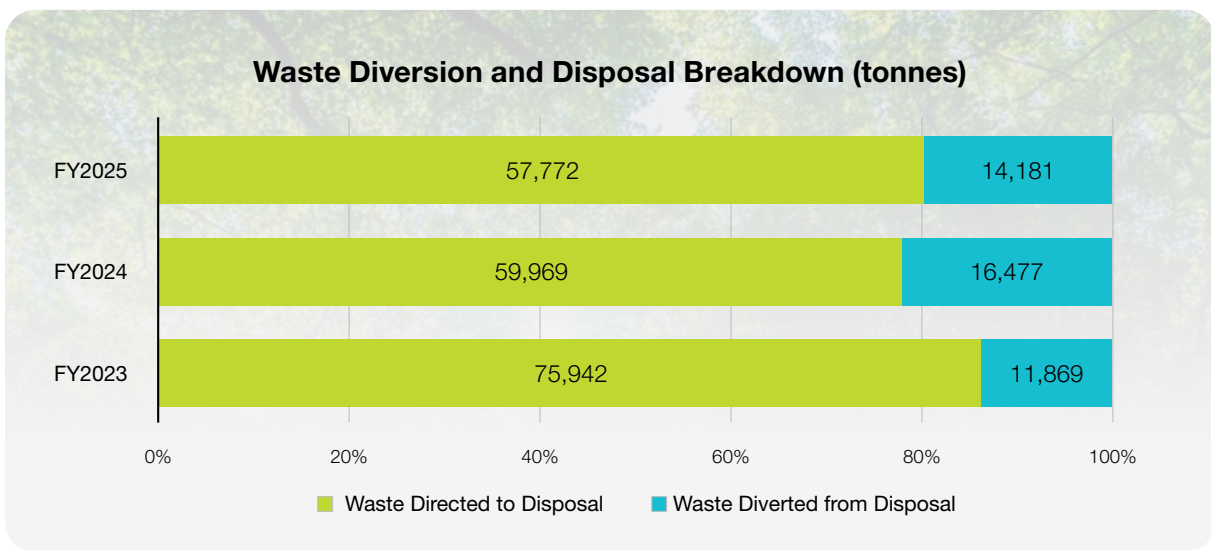
SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

WASTE AND CIRCULARITY (CONT'D)

Waste Data (Tonnes)	FY2023	FY2024	FY2025
Total Waste Generated	87,811	76,446	71,953



SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

WASTE AND CIRCULARITY (CONT'D)

Dedicated financial allocations and operational resources support recycling infrastructure, waste tracking systems, compliance assurance, and continuous improvement initiatives. Through this structured and performance-driven approach, MHB continues to progressively reduce waste intensity and enhance circular resource management across its operations. As such, the Group maintains the following operational waste management commitments:

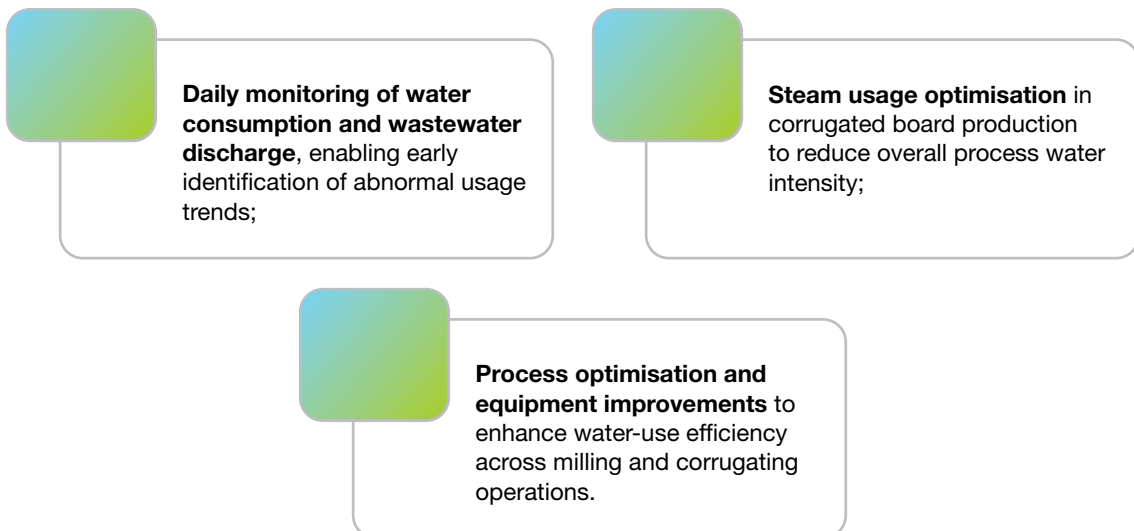
100% of trim waste paper directed to recycling facilities;	Scheduled waste disposed of only through licensed collectors;	Wastewater reused for glue production where feasible;	Zero regulatory complaints and zero compounds;	Monthly KPI monitoring of machine wastage.
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WATER MANAGEMENT

Water is a critical production input across MHB's paper milling and corrugating operations. In paper mills, substantial volumes of water are required for fibre processing, pulp preparation, and paper forming and drying. Corrugating facilities rely on water for adhesive preparation and steam generation. Beyond industrial applications, water also supports essential operational infrastructure, including sanitation facilities and fire protection systems. Given the scale of water usage inherent in paper manufacturing, effective water management is integral to operational continuity, cost control, and environmental stewardship.

The Group recognises water availability and quality as operationally material risks. Potential disruptions may arise from municipal supply interruptions, river contamination from upstream activities, prolonged drought conditions, or climate-related shifts in precipitation patterns. Water scarcity or quality deterioration could affect production timelines, increase treatment costs, or necessitate temporary sourcing adjustments. As climate variability intensifies, these risks may become more pronounced. Accordingly, water considerations are embedded within the Group's broader environmental risk management framework to support proactive mitigation and resilience planning.

MHB adopts a multi-layered approach to water stewardship focused on efficiency optimisation, reuse, and treatment performance, as we work towards setting formal water management policies. Our monitoring of monthly water consumption is tracked in our Continuous Improvement Report ("CIP"). At selected facilities, internal water index targets are established to monitor and progressively improve water efficiency performance relative to production output. These targets are reviewed periodically to support continuous improvement. Water reduction initiatives include:



SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

WATER MANAGEMENT (CONT'D)

Resource reuse initiatives further support circularity within operations. Notably:

- Wastewater from the printing department is treated and reused in the corrugator department for glue preparation and machine cleaning;
- Fibre recovered from treatment processes is reintegrated into production streams where technically feasible.

The Group's Environmental Policy reinforces its commitment to reducing water wastage through efficient usage and increasing treatment output by investing in recycling and reuse technologies. Employee awareness programmes support this policy, ensuring personnel understand areas of significant environmental impact and their role in water conservation.

The Group adopts a context-based approach to water sourcing. Milling operations abstract raw water from a nearby river, which is treated on-site to meet operational standards before use. After production, wastewater is treated through on-site treatment systems before discharge in compliance with regulatory standards. Other subsidiaries primarily source water from municipal supplies.

	FY2023	FY2024	FY2025
Total Water Consumption (m³)	8,436,080	8,653,046	8,625,457
Water Intensity (m³ / tonne of product output)	–	9.07	8.75

Effluent management forms a critical component of water stewardship. River-sourced water used in milling operations undergoes treatment prior to use, and wastewater is subjected to internal treatment processes to ensure compliance with Department of Environment ("DOE") discharge standards before release. Industrial effluent treatment systems ("IETS") are maintained and monitored to ensure regulatory adherence.

	FY2024	FY2025
Total Volume of Water Discharge (m³)	7,326,108	7,170,226

Wastewater from corrugator and printing machine cleaning processes that fall under scheduled waste classification are handled in accordance with the Environmental Quality Act 1974 and associated regulations. Performance is monitored through:

- Daily and monthly water quality recording;
- Designated personnel overseeing treatment facilities;
- Internal audits and KPI performance reviews;
- Ongoing compliance checks against discharge standards.

FY2025

ZERO

water compliance violations

FY2024: 0 | FY2023: 0

In FY2025, the Group recorded zero non-compliance incidents relating to water quality and discharge permits during the reporting period, reinforcing its commitment to responsible water governance.

SUSTAINABILITY STATEMENT

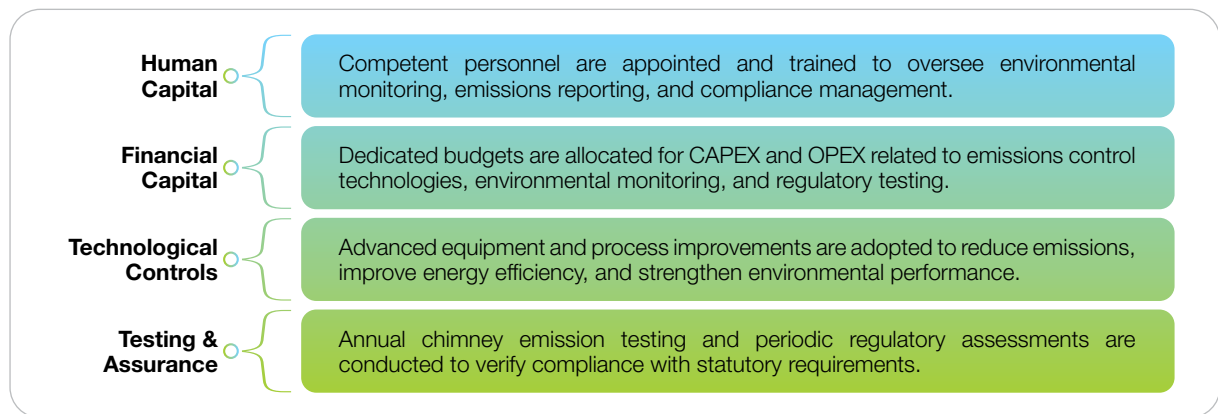
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ENVIRONMENTAL TOPICS (CONT'D)

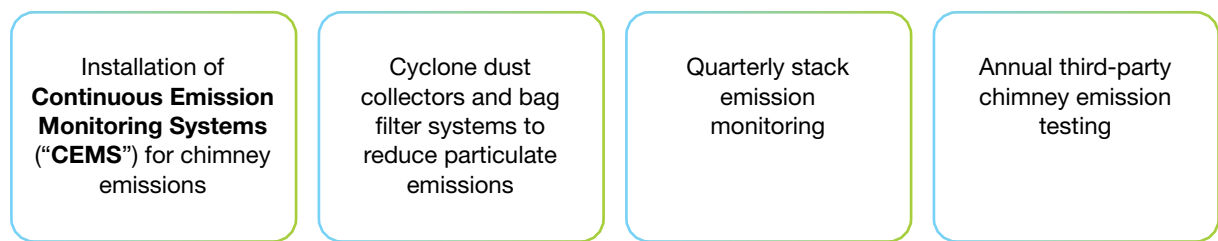
AIR EMISSIONS AND ENVIRONMENTAL COMPLIANCE

Air emissions represent a direct environmental interface of MHB's manufacturing operations. The combustion activities within the Group's operations require disciplined control to manage regulatory exposure, community impact, and long-term operational sustainability. Effective air emissions management is therefore not treated solely as a compliance obligation, but as an operational risk management priority embedded within the Group's environmental governance framework.

The Group's Environmental Policy formalises its commitment to pollution prevention, responsible emissions control, and adherence to applicable environmental laws. To ensure effective implementation, the Group allocates resources across key dimensions:



Air emissions management is aligned with the Environmental Quality Act 1974 ("EQA") and the Environmental Quality (Clean Air) Regulations 2014. Continuous oversight of key emission sources — particularly boilers and cyclone dust collectors — is maintained through:



KEY OPERATIONAL TARGETS	Chimney emissions maintained below 150 mg/m ³ .
	Annual verification of emission performance.
	Quarterly stack results within statutory limits.
	Zero non-compliance under Regulation 13 of the Clean Air Regulations 2014.

Through these structured controls and monitoring mechanisms, the Group recorded zero air emission non-compliance incidents in FY2025.

SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

AIR EMISSIONS AND ENVIRONMENTAL COMPLIANCE (CONT'D)

Beyond atmospheric emissions, MHB maintains a structured environmental compliance framework covering effluent discharge, scheduled waste, noise exposure, and occupational environmental risks. Environmental non-compliance or lapses in pollution control could expose the Group to regulatory penalties, operational restrictions, remediation costs, reputational damage, and potential production disruptions. Increasingly stringent regulatory thresholds may also necessitate incremental capital investment in monitoring systems and control technologies.

Against this backdrop, MHB operates a disciplined compliance and monitoring framework supported by defined accountability structures, management oversight, and periodic third-party verification. Environmental governance is guided by the Group's Environmental Policy and Environmental Management Programme. Compliance is maintained with applicable regulatory requirements, including:

- Environmental Quality Act 1974;
- Clean Air Regulations 2014;
- Environmental Quality (Scheduled Wastes) Regulations;
- OSHA (Noise Exposure) Regulations 2019.

The Group manages broader environmental exposure risks through structured operational safeguards and monitoring mechanisms:



Noise Control

- Installation of noise barriers, provision of Personal Protective Equipment ("PPE"), noise usage minimisation and control, third-party noise risk assessments ("NRAs"), annual audiometric tests and medical examinations, and related training.



Effluent Management

- Wastewater is treated through the Industrial Effluent Treatment System ("IETS") prior to discharge, with regular sampling and testing to ensure compliance with prescribed discharge limits.



Scheduled Waste Oversight

- Hazardous waste is tracked via the Electronic Scheduled Waste Information System ("ESWIS"), with full documentation and traceability maintained from generation to disposal.



Boundary and Environmental Monitoring

- Periodic monitoring of stack emissions, dust collectors, and site boundaries ensures pollutant levels remain within statutory thresholds.



Chemical Health Risk Assessments

- Assessments are conducted to evaluate potential exposure to hazardous substances, informing mitigation measures and workplace controls.



Compliance Audits and Management Review

- Environmental performance is reviewed through internal audits and management meetings to ensure timely corrective actions and continuous improvement.

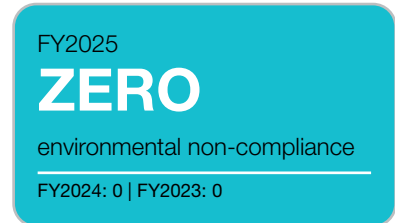
SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

AIR EMISSIONS AND ENVIRONMENTAL COMPLIANCE (CONT'D)

Collectively, these mechanisms strengthen environmental risk governance, mitigate regulatory and operational exposure, and advance disciplined environmental performance across the Group's manufacturing footprint. In FY2025, the Group recorded zero environmental non-compliance incidents or regulatory notices, reinforcing stakeholder confidence and sustaining its licence to operate.



BIODIVERSITY

While MHB's facilities are not located within or adjacent to protected areas or sites of high biodiversity value, the Group recognises that its upstream raw material sourcing, particularly virgin fibre procurement, may indirectly influence broader ecosystems if not responsibly managed. As a paper and packaging manufacturer, biodiversity considerations are therefore relevant within the value chain rather than at the operational footprint level.

Healthy ecosystems underpin long-term resource availability, water security, climate stability, and soil quality—factors that are intrinsically linked to the sustainability of fibre-based industries. Unsustainable forestry practices, land-use conversion, or poor environmental management within supply chains could contribute to habitat degradation, biodiversity loss, and reputational or regulatory risks. These developments may in turn affect raw material availability, cost stability, and stakeholder confidence.

To mitigate such risks, MHB integrates biodiversity considerations within its responsible sourcing approach. The Group maintains FSC certification, reinforcing its commitment to sourcing from responsibly managed forests that safeguard biodiversity, prevent illegal logging, and promote ecosystem protection. Compliance with applicable environmental regulations, including the Environmental Quality Act 1974, further supports pollution prevention and ecosystem protection across operations.

Through responsible fibre procurement, regulatory compliance, and continuous environmental oversight, MHB seeks to minimise indirect biodiversity impacts while strengthening long-term supply chain resilience and maintaining stakeholder trust.

SOCIAL TOPICS

At MHB, we recognise that our employees are the cornerstone of the Group's long-term resilience, operational excellence, and sustainable growth. We remain committed to upholding fair labour practices, fostering a culture of mutual respect, ensuring a safe and healthy workplace, and promoting a diverse and inclusive environment where every employee is valued and empowered to contribute meaningfully.

To support this, MHB strategically invests in its financial, technical, and human capital to attract, develop, and retain talent across its operations. This includes providing a safe and conducive working environment, alongside structured opportunities for training, skills enhancement, and career progression. Through this holistic approach, the Group continues to strengthen employee well-being, encourage continuous professional development, and cultivate a high-performing workforce that supports MHB's long-term sustainability and value creation.



SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION

Diversity, equality and inclusion remain fundamental to MHB's commitment to fostering a respectful, equitable and high-performing workplace. The Group continues to embed inclusive employment practices as a core element of its human capital management strategy, recognising that a diverse workforce enhances organisational resilience, strengthens employee engagement and supports sustainable business performance.

MHB embraces diversity across all dimensions, including race, ethnicity, religion, nationality, gender, age, disability and other personal characteristics. Employment decisions are based on merit, competence and business needs, guided by the Group's Code of Business Conduct and Ethics and reinforced through the Employment Handbook. These frameworks promote mutual respect, prohibit discrimination and ensure equal access to recruitment, development and career progression opportunities.

In line with this approach, the Group:

	<p>Values and encourages the diverse perspectives, experiences and capabilities that contribute to innovation, improved problem-solving and organisational performance.</p>
	<p>Promotes a culture of mutual respect and inclusion, ensuring fair treatment and equal opportunities for individuals regardless of their personal circumstances or backgrounds</p>
	<p>Upholds its core values of People, Knowledge and Innovation, reflecting the belief that all employees should have equitable access to meaningful employment, skills development and career progression opportunities.</p>

The Group remains committed to supporting equitable employment opportunities for persons with disabilities. In FY2025, the Group continues to foster an accessible and inclusive workplace through fair recruitment and employment practices, recording 3 employees with disabilities (FY2024: 3; FY2023: 3).

MHB upholds a zero-tolerance approach towards discrimination, harassment, and unfair treatment. No incidents of discrimination were recorded in FY2025, consistent with the past three years. This reflects the effectiveness of the Group's policies, reporting mechanisms, and internal controls in maintaining a respectful work environment. Formal grievance channels are in place to ensure concerns are addressed promptly, with appropriate investigation and corrective action undertaken where necessary.

FY2025
ZERO
incidents of discrimination
FY2024: 0 | FY2023: 0

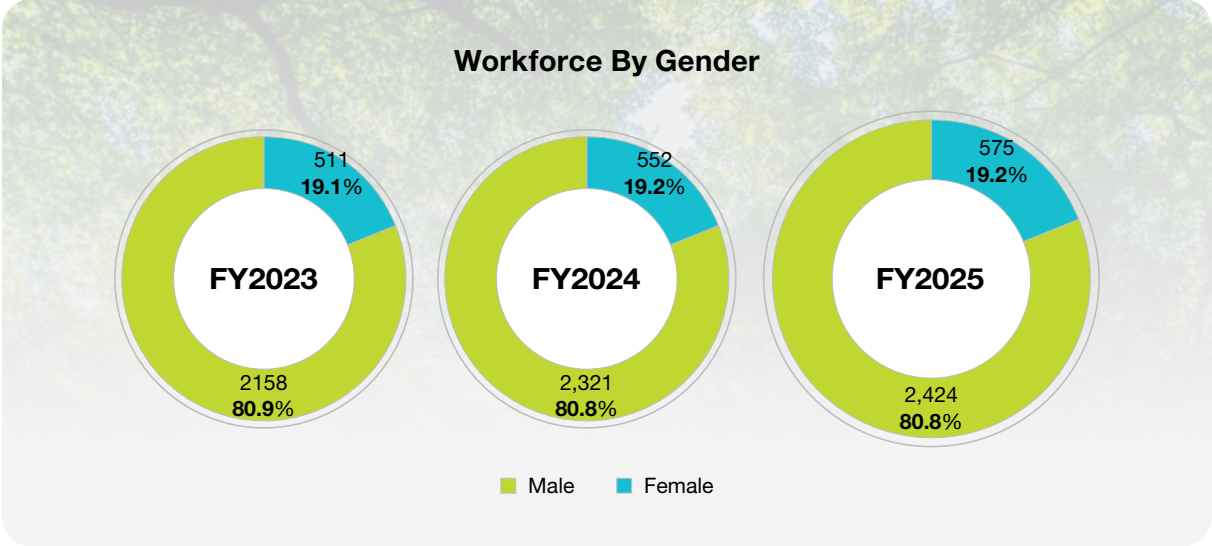
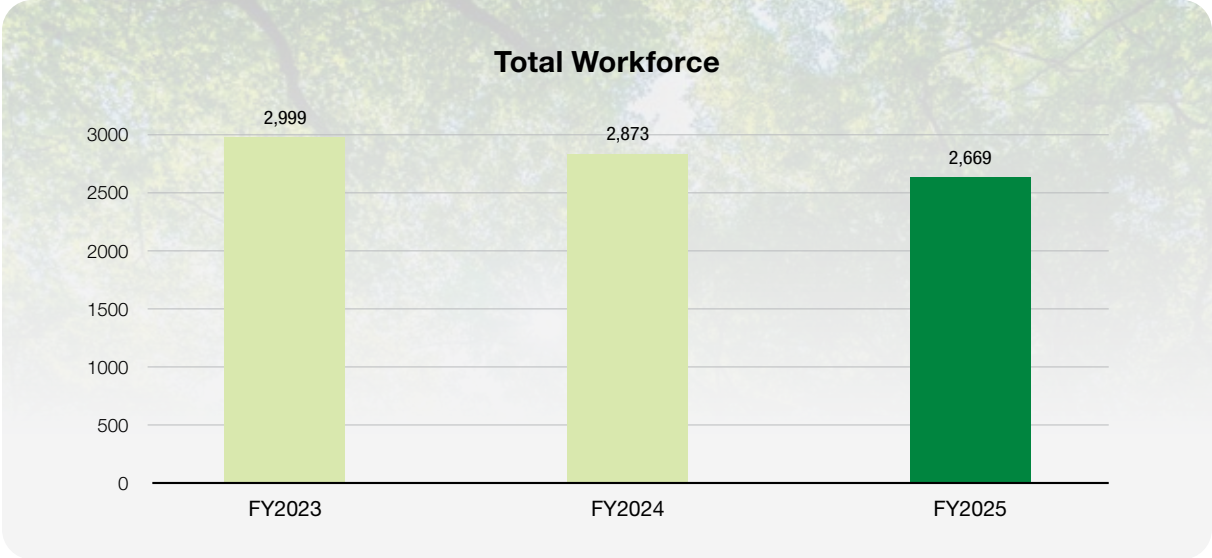
SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION (CONT'D)

Workforce Composition

Following the previous year, the Group continues to maintain a predominantly local workforce, reflecting its role as a key employer in supporting domestic economic development and community livelihoods. In FY2025, the Group employed 2,669 individuals, representing a 7.1% decrease from 2,873 employees in FY2024. This reduction was primarily attributed to workforce restructuring initiative, including organisational rationalisation and the implementation of a voluntary separation scheme ("VSS") following the closure of one division. Malaysian employees accounted for 73.3% of the total workforce, an increase from 71.9% in FY2024, demonstrating the Group's continued prioritisation of local talent.

The Group further strengthened employment stability, with 96.9% of employees in permanent roles, an increase from 91.2% in FY2024, reflecting the Group's continued focus on long-term talent retention, workforce continuity and skills development. This stable employment structure supports institutional knowledge retention, enhances productivity, and provides employees with clearer career progression pathways. The Group also continues to provide internship and entry-level opportunities to develop future talent pipelines and support workforce renewal.



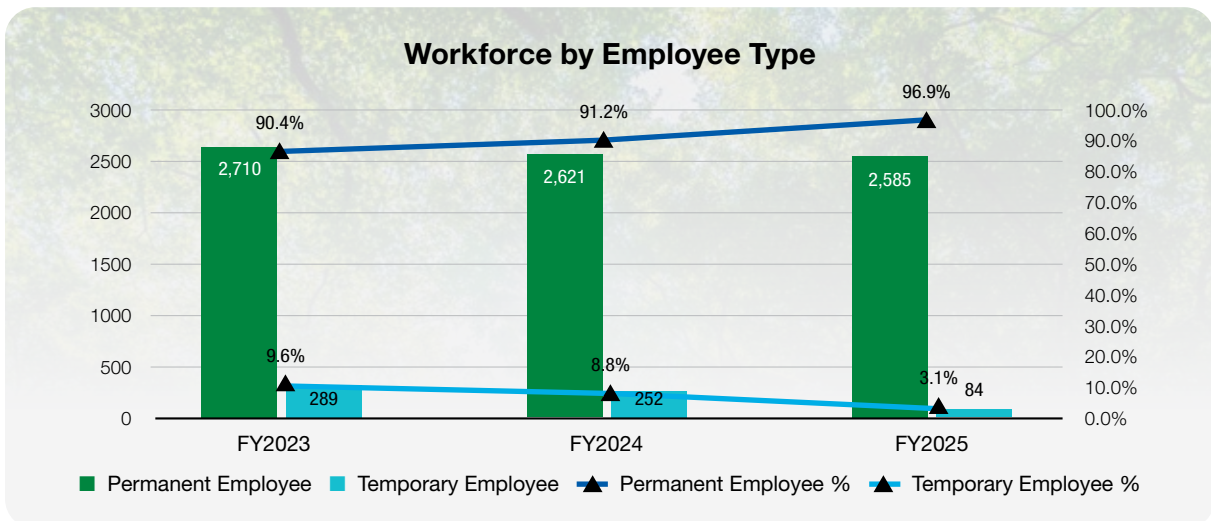
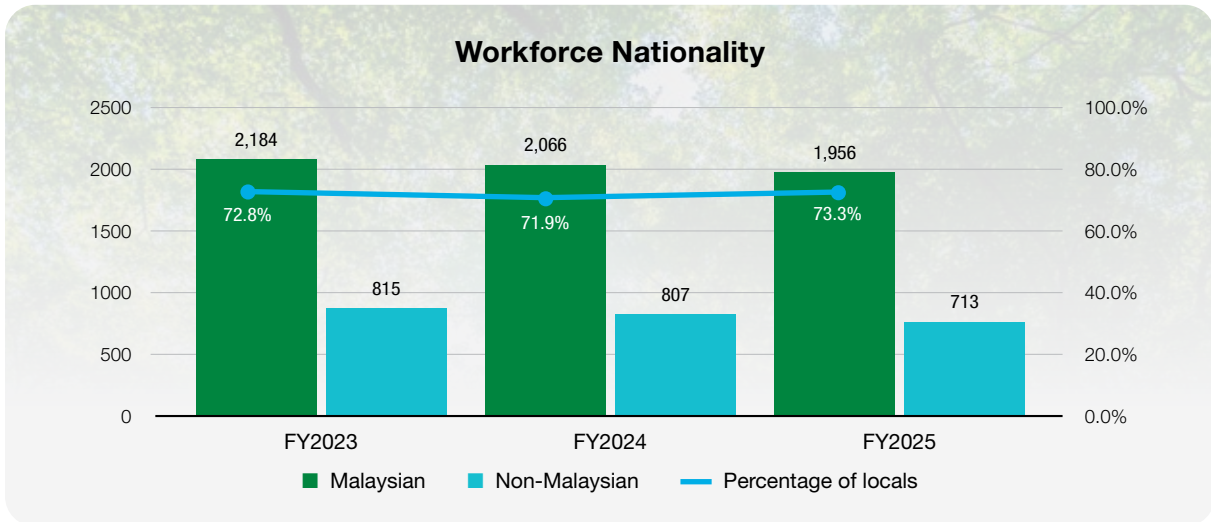
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION (CONT'D)

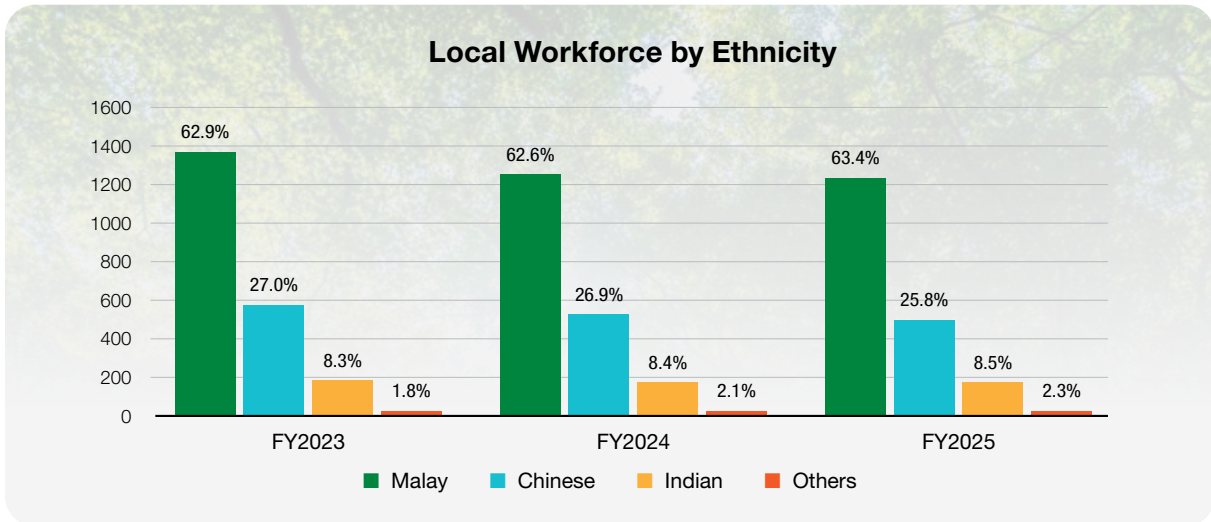
Workforce Composition (Cont'd)



SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION (CONT'D)

Workforce Composition (Cont'd)



Note: In this graph, the term 'local' refers to Malaysian citizens. The ethnicities represented are those of the main Malaysian ethnic groups.

In terms of gender diversity, female employees represented 19.1% of the total workforce in FY2025 (FY2024: 19.2%), reflecting a stable overall gender composition in a traditionally male-dominated manufacturing environment. Notably, female representation continued to strengthen across key talent pipelines, accounting for 58.4% of Executive roles (FY2024: 56.1%) and 44.3% of Management roles (FY2024: 39.8%), exceeding the Group's established 25% female leadership target, demonstrating sustained progress in advancing gender diversity in leadership. Female representation at Senior Management level was 28.9%, remaining above the target. These trends reflect the Group's ongoing efforts to provide equitable career advancement opportunities and build a more inclusive leadership pipeline.

TARGET
25%
female representation
 executive and management roles

Overall, the Group's workforce composition reflects its continued focus on localisation, employment stability, leadership diversity and talent development, which collectively strengthen operational performance. In line with its principles of equality, fairness and transparency, the Group provides equal opportunities for career progression through structured and merit-based advancement pathways. Guided by established policies and employment frameworks, the Group promotes fair and inclusive practices that support employee development and enable individuals to realise their full potential across its operations.

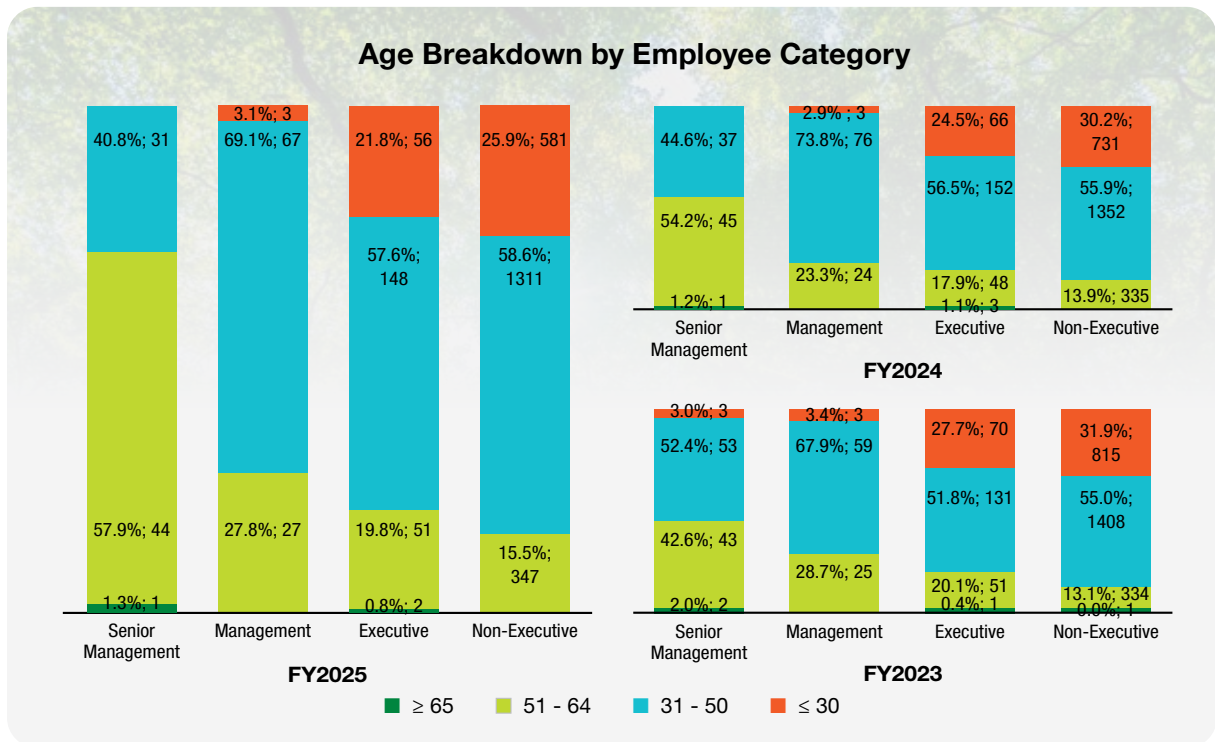
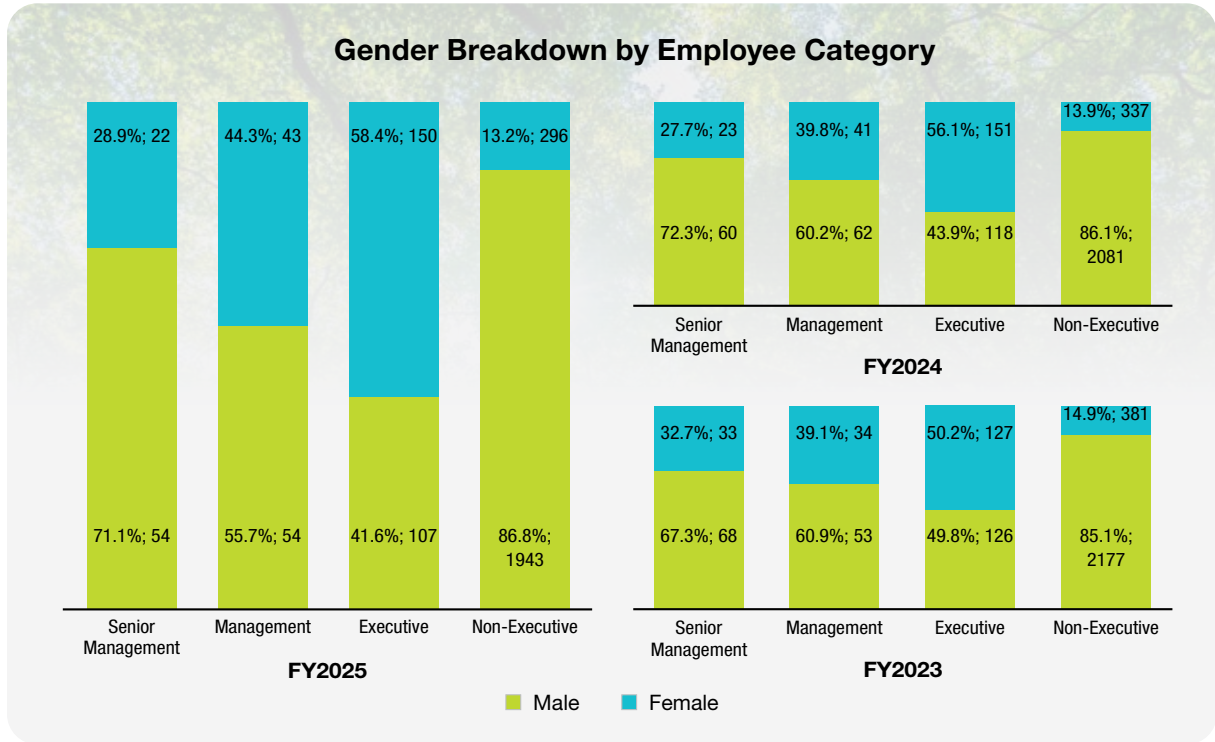
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION (CONT'D)

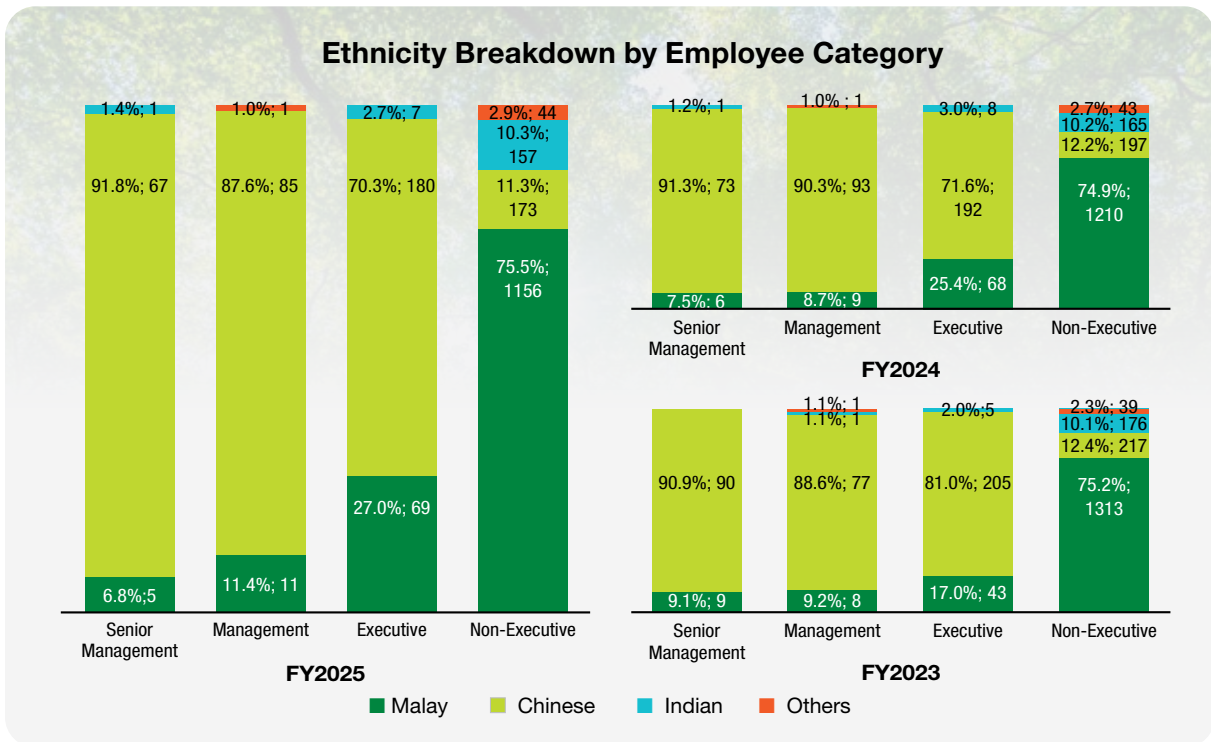
Workforce Composition (Cont'd)



SOCIAL TOPICS (CONT'D)

DIVERSITY, EQUALITY AND INCLUSION (CONT'D)

Workforce Composition (Cont'd)



TALENT MANAGEMENT AND DEVELOPMENT

Talent management and development remain integral to sustaining operational resilience, productivity and long-term business success. Building on previous year, the Group continues to invest in structured talent development processes, fair remuneration practices and employee engagement initiatives to strengthen workforce capabilities while fostering a supportive and inclusive work environment. These efforts are aligned with the Group’s commitment to empowering people and preserving organisational knowledge, which underpin sustainable business continuity.

100% { **of MHB employees are appraised by HOD annually** }

100% of employees continued to undergo annual performance appraisals in FY2025, providing a structured platform to evaluate performance, recognise achievements and identify professional development needs. This approach supports career progression planning, enhances workforce capability and ensures alignment between individual performance and organisational objectives.

At the operational level, productivity incentives are applied on a monthly basis, supported by the tracking of departmental output and efficiency indicators, such as corrugator running speed measured in linear metres per minute (“LM/min”) at selected subsidiaries. In selected operations, net output per employee is also monitored as a key productivity indicator to evaluate workforce effectiveness and operational efficiency.

Collectively, these mechanisms enable the Group to align individual and departmental performance with business objectives, support continuous improvement initiatives, and recognise productivity outcomes, while strengthening employee engagement, retention, and overall organisational resilience.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

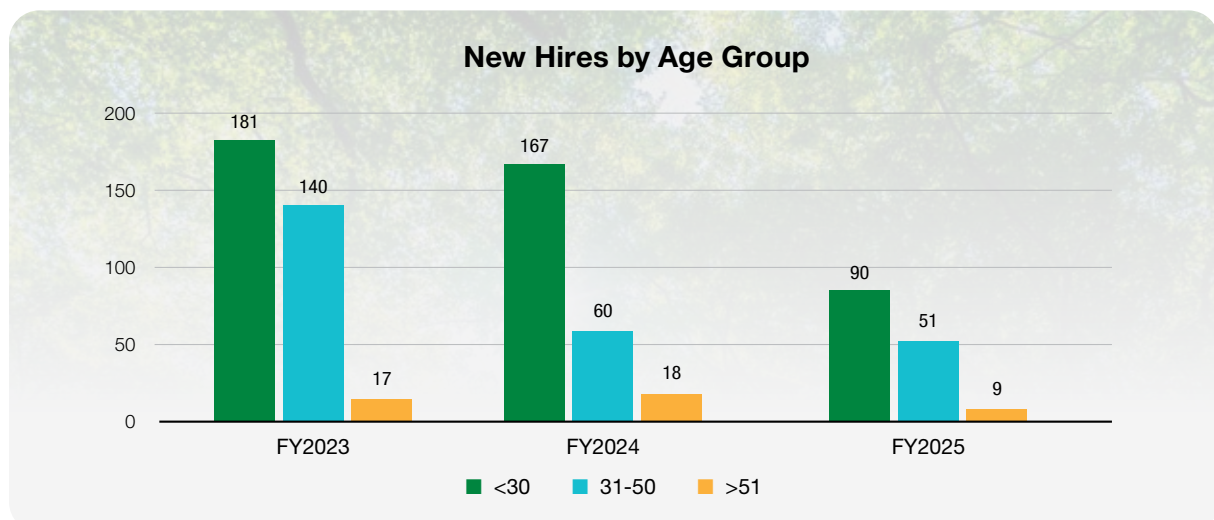
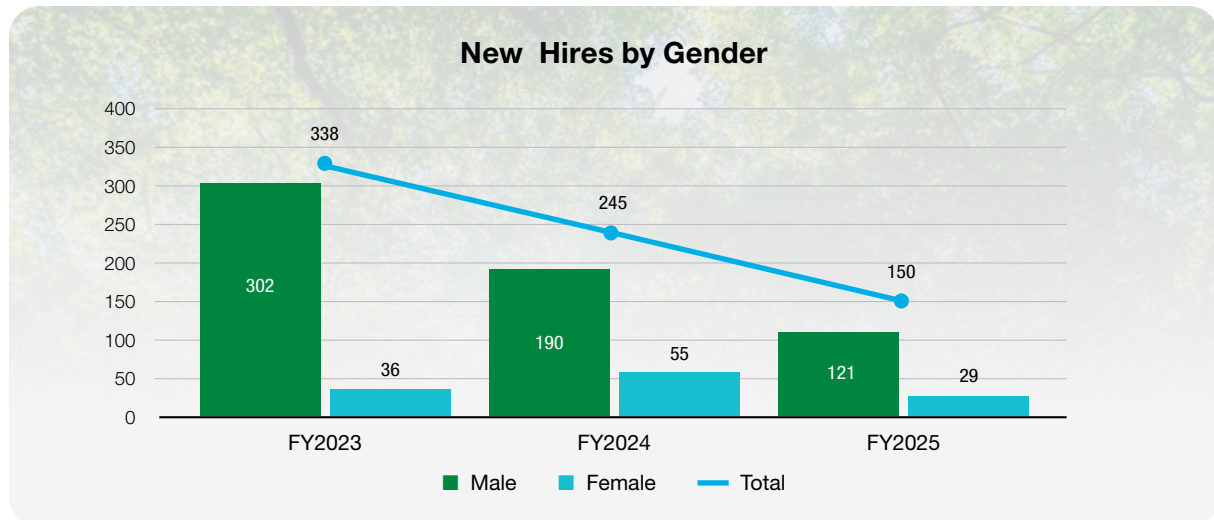
TALENT MANAGEMENT AND DEVELOPMENT (CONT'D)

Hiring, Onboarding, and Attrition

MHB continues to strengthen employee retention and workforce continuity through structured recruitment, onboarding, and employee lifecycle management practices, supported by established controls under the Employee Recruitment Procedure and Employee Resignation Procedure. These ensure fair, transparent, and consistent talent management processes, with recruitment guided by clear job descriptions, competency-based assessments, and defined selection criteria to align candidate capabilities with operational needs.

The Human Resources Department conducts structured induction programmes for all new hires to support effective onboarding and integration. These programmes cover the Group's corporate culture, vision and mission, Code of Conduct, operational policies and in-house regulations, alongside Safety, Health and Environment ("SHE") training, particularly for operational employees. The induction process is supported by formal documentation, including the New Intake Training Programme Form, Training Attendance Record and departmental on-the-job training records, ensuring proper tracking of employee readiness and compliance. These practices help accelerate employee integration, strengthen safety awareness, reduce operational risk and enhance overall workforce preparedness across the Group.

In FY2025, the Group recorded 150 new hires, representing a 38.8% decrease compared to FY2024 (245 new hires), and accounting for 5.6% of the total workforce. This decline reflects the Group's continued focus on workforce optimization and internal mobility.



SOCIAL TOPICS (CONT'D)

TALENT MANAGEMENT AND DEVELOPMENT (CONT'D)

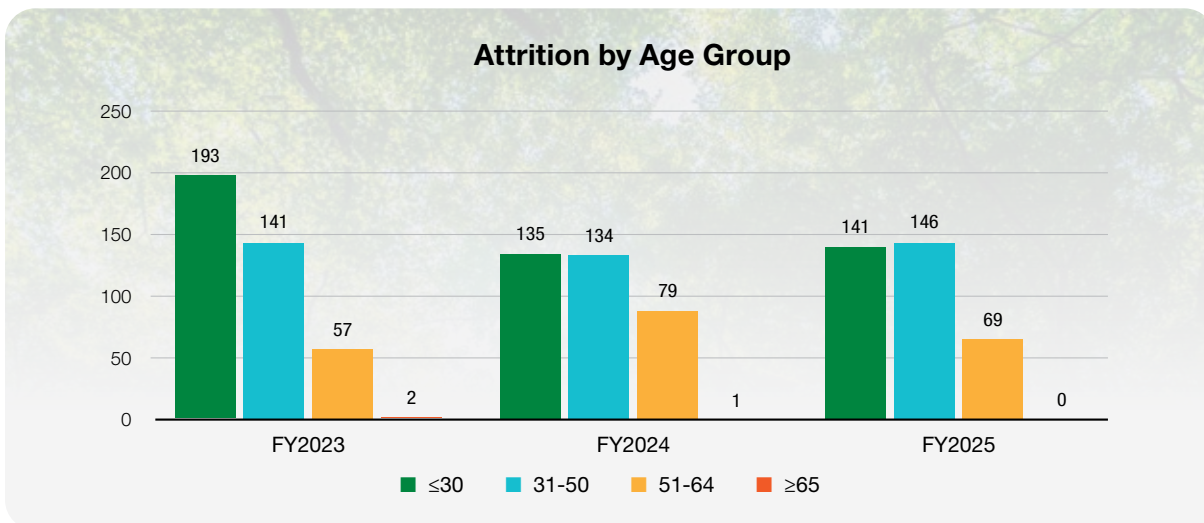
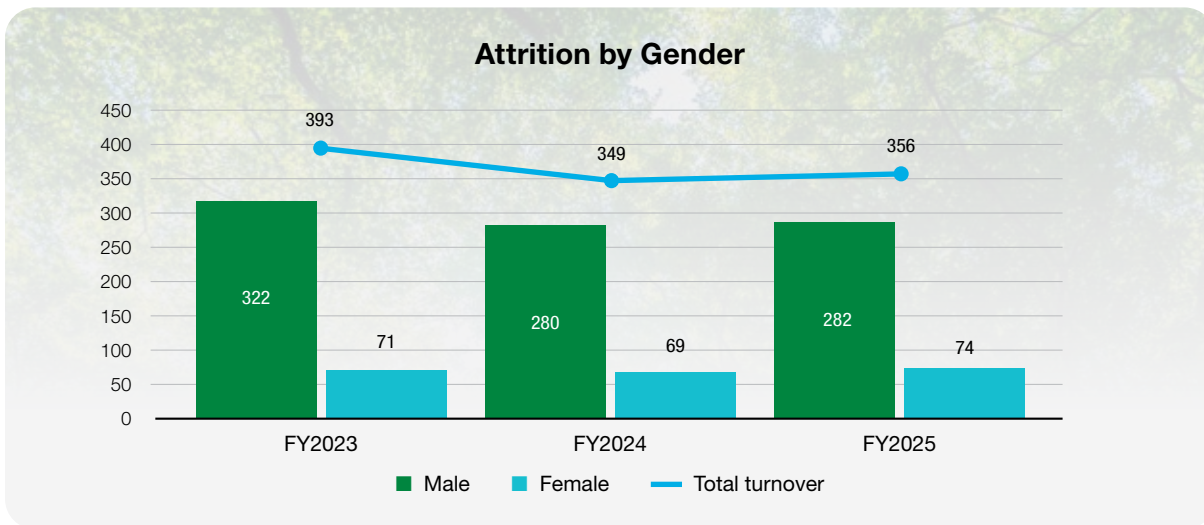
Hiring, Onboarding, and Attrition (Cont'd)

To ensure orderly transitions and preserve institutional knowledge, employees who resign are subject to formal exit protocols, including resignation acceptance, completion of the Handover Job Checklist (e.g. Form MP-HR-F13 / HR-03-09), return of company property, clearance of security access and the conduct of an exit interview by the HR Department or HODs to capture feedback and ensure proper transfer of responsibilities.

Notice periods are clearly defined within the Employee Resignation Procedure, ensuring adequate time for workforce planning, proper handover of duties and compliance with employment terms, thereby minimising operational disruption and maintaining business continuity.

Executive level and above	2 months
Non-executives	1 month
Interns / Employees in probation	2 weeks
Union Employees	2 weeks

In FY2025, the Group recorded 356 total employee exits, of which 316 were voluntary resignations, corresponding to a voluntary turnover rate of 11.8%. The attrition profile reflects both normal workforce mobility and targeted restructuring actions during the year, including a voluntary separation scheme and workforce adjustments arising from the closure of one division.



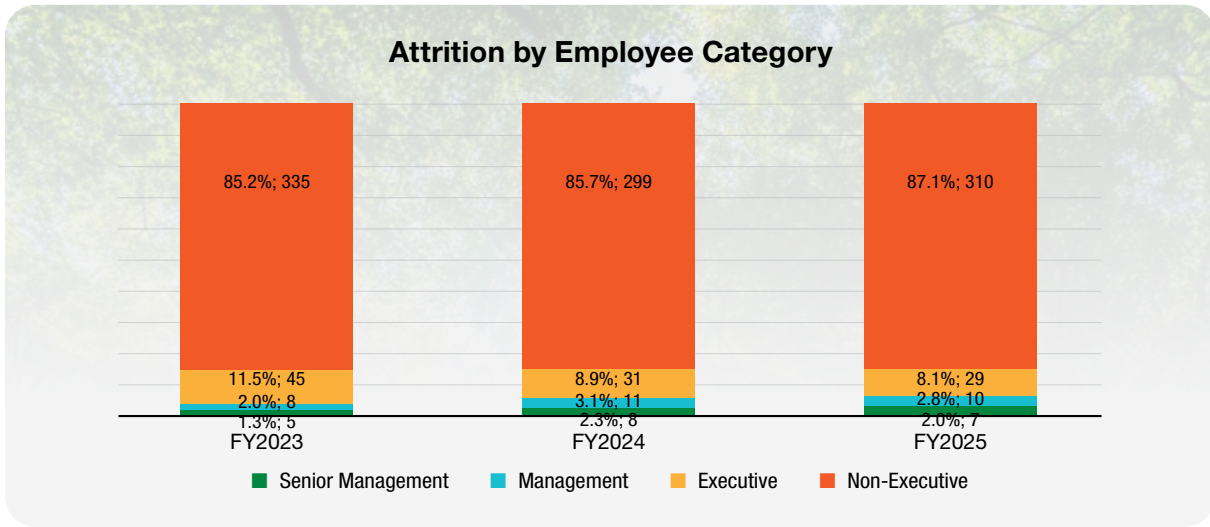
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

TALENT MANAGEMENT AND DEVELOPMENT (CONT'D)

Hiring, Onboarding, and Attrition (Cont'd)



Employee Benefits and Wellbeing

At MHB, employee wellbeing remains a central pillar of its human capital strategy, recognising that a supported and motivated workforce contributes directly to operational excellence, productivity and long-term sustainability. The Group continues to provide a comprehensive and competitive benefits framework covering medical and hospitalisation coverage, accident insurance, retirement benefits, and other employment-related support. These benefits are regularly reviewed against industry benchmarks to ensure fair and competitive remuneration that supports employee welfare and talent retention.

	FY2023	FY2024	FY2025
Total payments made to employees in terms of salaries, bonuses and benefits (RM '000) *	166,838	162,781	166,931
Total statutory payments made for employees' retirement benefits (RM '000) *	12,669	11,935	12,547
Total payments in medical insurance for employees (RM '000) *	1,956	1,772	2,015

* The figures presented represent the amalgamated figures of the group of companies included in this report.

In addition, the Group remains committed to fair wage practices and continues to comply with and, where applicable, exceed the minimum wage requirements. This supports employee financial security while reinforcing the Group's position as a responsible employer.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

TALENT MANAGEMENT AND DEVELOPMENT (CONT'D)

Employee Benefits and Wellbeing (Cont'd)

Beyond financial benefits, MHB continues to foster a positive and inclusive workplace culture through employee engagement and wellbeing initiatives. In FY2025, the Group invested RM321,900 in employee engagement activities, reflecting its continued commitment to

Employee Satisfaction

9.6/10

RM321,900

Spent on employee
engagement activities

strengthening employee morale, engagement and workplace cohesion. These initiatives included festive celebrations

such as Chinese New Year and Christmas events, retirement and farewell appreciation events, sports activities and team-building programmes. These programmes provide opportunities for employees to build stronger interpersonal relationships, enhance teamwork and improve workplace satisfaction.

The Group also recognises and values long-serving employees through its Long Service Award Programme, where eligible employees are presented with the Muda Gold Pendant in recognition of 10, 20 and 30 years of service and above, in accordance with established internal policies. This long-standing practice reflects the Group's appreciation for employee loyalty and contributions, while reinforcing a culture that values commitment, recognises experience and supports long-term retention.

The Group continues to support employees in balancing their professional and family responsibilities through parental leave policies aligned with the Malaysian Employment Act 1955 and applicable labour regulations. These parental leave provisions support employee wellbeing, improve talent retention and contribute to gender equality by enabling employees to manage caregiving responsibilities while maintaining their careers.

The Group recognises that comprehensive employee benefits, wellbeing initiatives and supportive workplace policies are essential in strengthening workforce stability, engagement and productivity. Continued investment in employee welfare, parental support, recognition and engagement programmes has contributed to improved morale and supported employee retention, including leadership continuity. These efforts help sustain operational reliability by maintaining a motivated and experienced workforce aligned with business needs.

	FY2023	FY2024	FY2025
Employees Entitled to Maternity and Paternity Leave	2,337 (77.9%)	2,090 (72.8%)	2,065 (77.4%)
Employees Who Took Paternity Leave	46	50	68
Employees Who Took Maternity Leave	21	28	17
Return to Work Rate*			
Male	100%	94.0%	100%
Female	100%	92.9%	100%
Retention Rate**			
Male	100%	94.0%	100%
Female	95.2%	82.1%	100%

* Return-to-work rate: Percentage of employees returning to work after parental leave out of the total employees scheduled to return after parental leave.

** Retention rate: Percentage of employees retained 12 months after returning to work post-parental leave out of the total employees returning from parental leave in the previous reporting period.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

TRAINING AND EDUCATION

MHB remains committed to fostering a culture of continuous learning and professional development, equipping employees with relevant technical, leadership and compliance competencies to meet evolving business and regulatory requirements, recognising that a skilled and competent workforce is essential to operational excellence, safety performance and long-term business sustainability.

Employee training requirements are systematically identified through a structured Training Needs Analysis (“TNA”) process. This process involves annual performance appraisals, departmental competency reviews and formal training requisition submissions by respective HODs approved by the General Managers (“GMs”), which are then consolidated by the Human Resources Department into an annual training plan. This ensures that training programmes are aligned with operational priorities and individual development needs.

To ensure training effectiveness, the Group continues to evaluate training outcomes through structured post-training assessments, including Training Effectiveness Feedback Forms, competency evaluation forms and follow-up performance reviews conducted by HODs within two to six months after training. These evaluations help assess improvements in employee competency and ensure training investments deliver meaningful outcomes.

In FY2025, the Group recorded 32,317 total training hours, representing a 61.7% decrease compared to FY2024 (84,415 hours). This decrease reflects a normalisation following intensive training conducted in FY2024, which included major environmental certification and compliance-related programmes. Despite the reduction in total hours, the Group continued to prioritise training across all employee levels, with the average training hours per employee at 12 hours in FY2025.

In FY2025, the Group continued to implement a wide range of training programmes aligned with operational, compliance and professional development needs. These programmes are broadly categorised into the following key areas:

Occupational Safety and Health and Operational Competency	Environmental, Sustainability and Compliance Training	Leadership, Professional and Technical Skills Development	Digital, Regulatory and Business Skills Training
<ul style="list-style-type: none"> Programmes such as forklift safety certification, chemical safety management, emergency response training, first aid and CPR, and occupational safety and health compliance training were conducted to strengthen workplace safety and operational risk management. 	<ul style="list-style-type: none"> Programmes including ISO 14001 Environmental Management Systems, ISO 50001 Energy Management Systems, scheduled waste management, environmental compliance and sustainability awareness training supported the Group’s environmental management and regulatory compliance objectives. 	<ul style="list-style-type: none"> Programmes such as HR management training, engineering and technical competency training, finance and taxation seminars, and data protection training to enhance employee professional capabilities 	<ul style="list-style-type: none"> Programmes related to e-invoicing, tax compliance, regulatory updates and digital systems training were conducted to enhance operational efficiency and ensure compliance with evolving regulatory requirements.

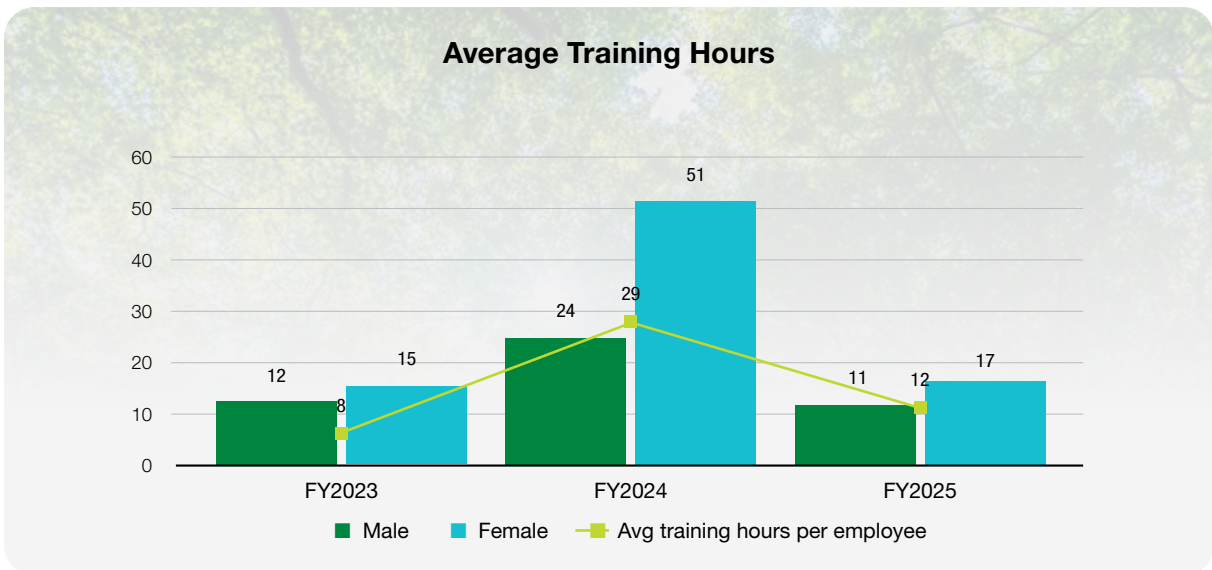
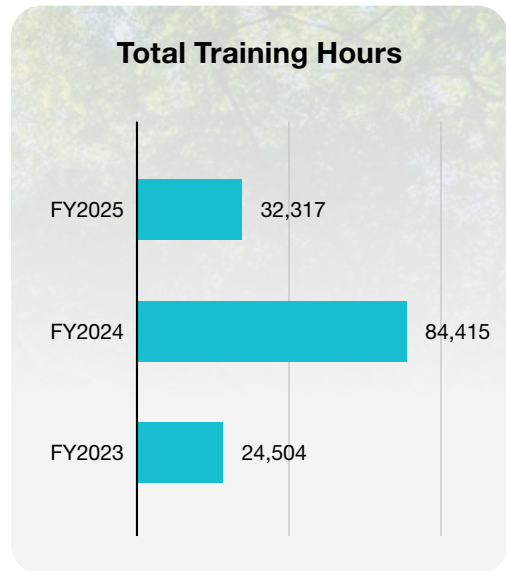
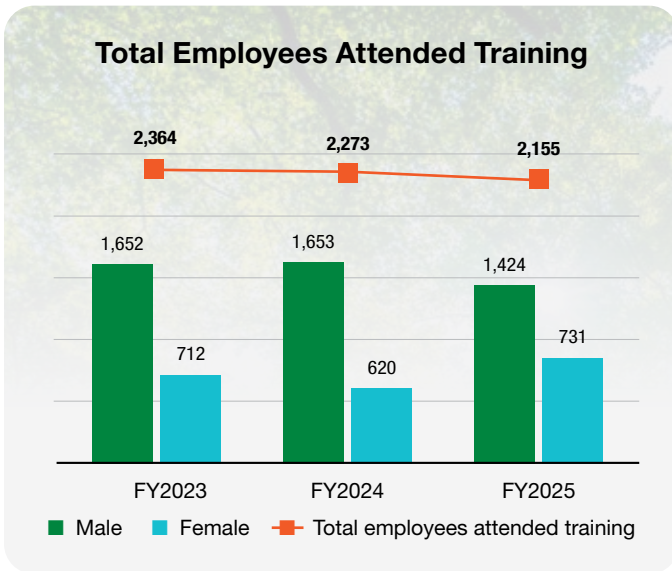
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

TRAINING AND EDUCATION (CONT'D)

These programmes contributed to strengthening employee competency, improving operational efficiency and supporting compliance with regulatory and industry standards. Moving forward, the Group will continue to enhance its training framework with greater emphasis on department-specific professional and technical training including safety, digitalization and automation, leadership development, while also strengthening internal knowledge-sharing capabilities. In addition, the Group supports employee-driven professional development by providing incentives such as rewards for attaining recognised qualifications and reimbursement of professional membership fees, subject to approval, encouraging employees to further enhance their expertise. These initiatives reinforce the Group's commitment to building a capable, motivated and high-performing workforce to support its long-term success.

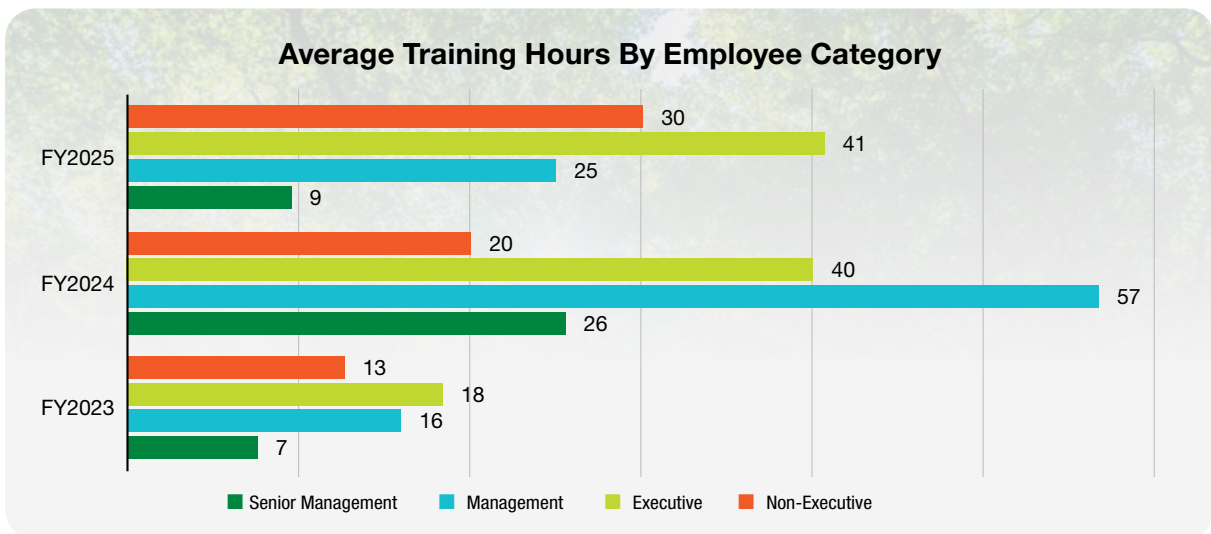
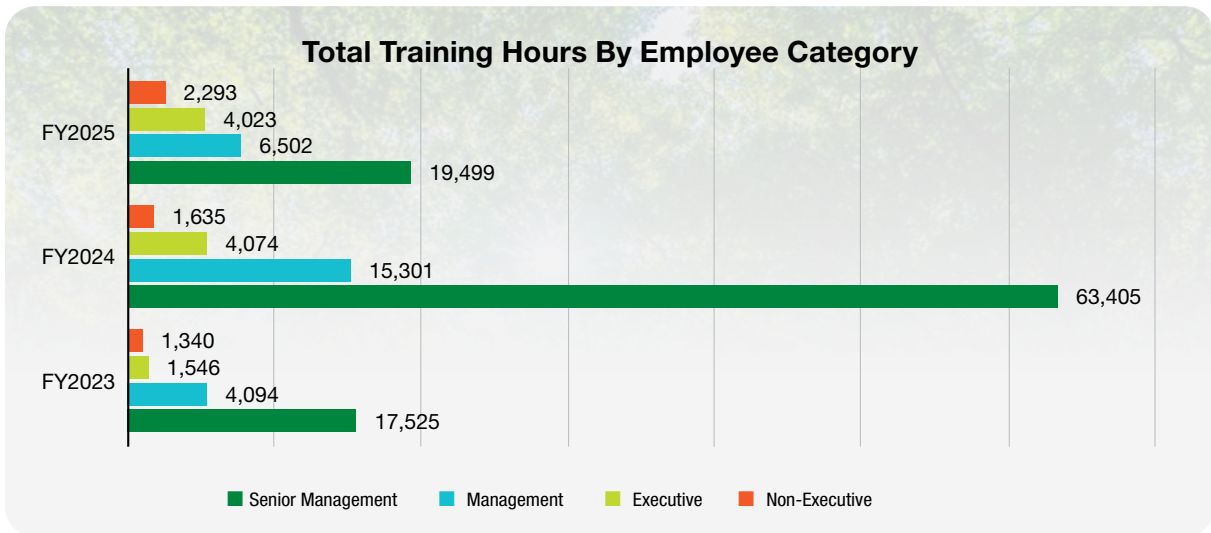


SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

TRAINING AND EDUCATION (CONT'D)



LABOUR AND HUMAN RIGHTS

The Group remains firmly committed to upholding labour and human rights across its operations, recognising that fair and ethical labour practices are essential to workforce wellbeing, regulatory compliance and long-term business sustainability. MHB aligns its practices with the Employment Act 1955, the Children and Young Persons (Employment) Act 1966 and other applicable labour regulations, while embeds human rights principles within its internal policies and operational procedures. These commitments are guided by the Code of Business Conduct and Ethics and established labour procedures, which set clear expectations on ethical employment, fair treatment and employee protection. Through these frameworks, the Group fosters a workplace grounded in fairness, respect and inclusivity, ensuring employees are treated with dignity and safeguarded from any form of exploitation.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

LABOUR AND HUMAN RIGHTS (CONT'D)

The Group strictly prohibits all forms of forced labour, bonded labour and child labour across its operations. The Group maintains a minimum employment age of 18 years, ensuring compliance with the Children and Young Persons (Employment) Act 1966 while safeguarding the welfare of young people.

MHB also continues to recognise employees' rights to freedom of association and collective bargaining. Employees are free to join or form trade unions in accordance with Malaysian labour laws, and collective bargaining agreements are negotiated every three years between management and union representatives to address employment conditions, wages and employee welfare. These engagements help promote constructive labour relations, support employee representation and enhance workforce stability. This right is formalised and clearly outlined in our Labour Procedure, available in both Malay and English, ensuring transparency and fairness in labour relations.

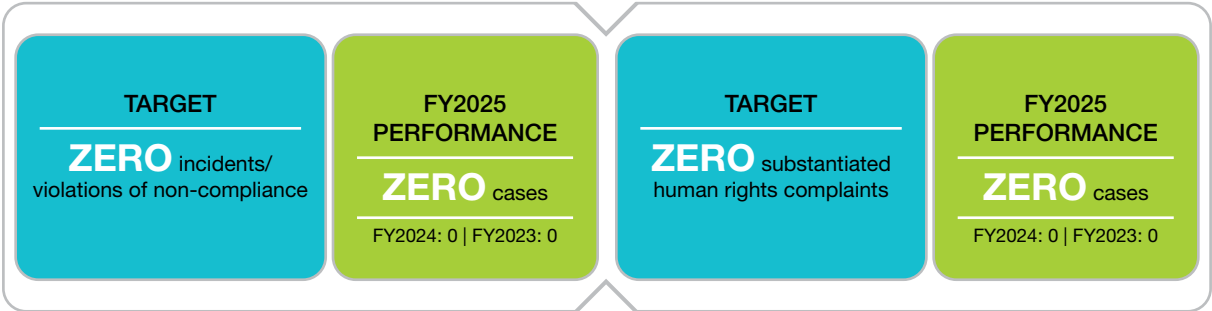
The Group continues to employ foreign workers to support its operational requirements, particularly in manufacturing and operational roles. In FY2025, the Group employed 713 foreign workers, representing 26.7% of its total workforce of 2,669 employees, compared to 28.1% in FY2024, representing a 1.4 percentage point decrease year-on-year. This decrease was driven by workforce optimisation efforts and the increased adoption of automation technologies (including auto stackers and smart conveying systems), which have reduced reliance on manual labour in selected operations.

To protect foreign worker welfare, the Group implements several measures in compliance with Malaysian laws and regulations, as well as those of the countries of origin, to ensure fair and ethical treatment of foreign employees, including:

- **Prohibiting recruitment fees charged to employees by recruitment agencies**, particularly for foreign workers, to prevent debt bondage and unethical recruitment practices.
- **Providing employment contracts in native languages outlining their rights**, responsibilities and employment terms to prevent exploitation and ensure clarity.
- **Providing accommodation in accordance with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446)** with the implementation of the Centralised Labour Quarters ("CLQ") further enhancing living conditions and safeguarding the wellbeing of foreign workers.

The Group maintains formal grievance mechanisms that enable employees to report concerns related to labour practices, workplace misconduct or human rights violations through accessible and confidential channels, including the HR Department and HODs, in line with its Whistleblowing Policy. This provides a structured and protected avenue for reporting concerns without fear of retaliation. Managers are also provided with relevant training and guidance to address employee relations matters appropriately, ensuring concerns are handled fairly, consistently and in accordance with established policies.

In FY2025, MHB recorded zero substantiated human rights complaints, maintaining a clean record over the past three years, reflecting the effectiveness of its labour policies and proactive workforce engagement. The Group continues to promote awareness of grievance procedures and employee rights through employee handbooks, internal communications and workplace briefings, while ensuring that all reported concerns are subject to formal investigation, corrective actions and management oversight to ensure appropriate resolutions and prevent recurrence.



SUSTAINABILITY STATEMENT

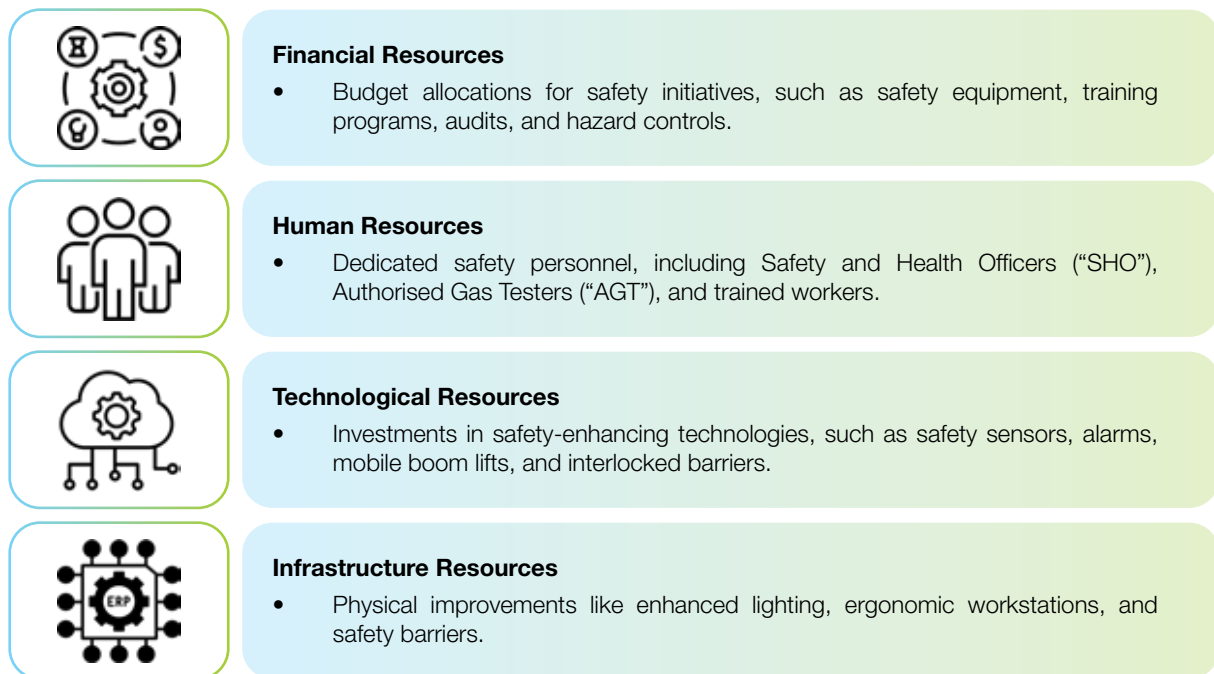
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SOCIAL TOPICS (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY

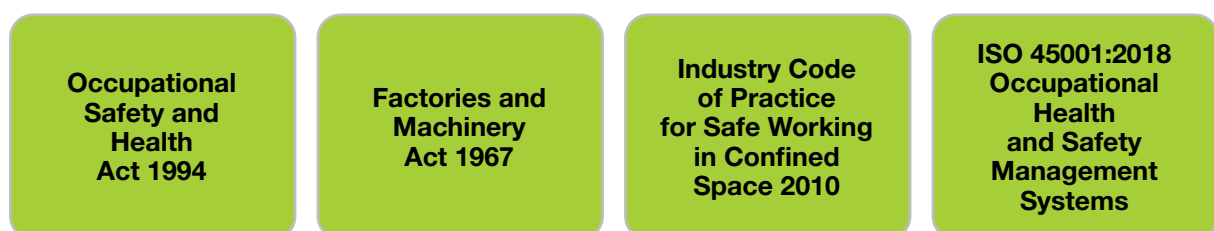
Ensuring a safe and healthy working environment remains a fundamental priority for MHB given the inherent occupational risks associated with manufacturing operations. The Group recognises that workplace injuries and unsafe conditions may result in operational disruptions, employee harm, regulatory penalties and reputational risks. The Group continues to strengthen its Occupational Safety and Health (“OSH”) management framework to proactively identify, mitigate and manage workplace risks, with the ultimate goal of achieving zero fatalities and reducing workplace incidents.

Our approach is supported by an integrated safety management framework comprising the following key elements:



The Group’s OSH Policy, endorsed by Executive Director and overseen by the senior management, continues to provide the foundation for managing occupational health and safety risks across all operations. This policy applies to all employees, contractors, suppliers and visitors, ensuring a consistent and comprehensive approach to workplace safety. Importantly, no employees or workers are excluded from the Group’s safety management system, reinforcing the Group’s commitment to protecting all personnel under its operational control.

Safety governance is supported by formal Supervisors, Safety Officers and Safety and Health Committees established across operational sites which comprise both employer and employee representatives. These committees convene quarterly to review safety performance, discuss workplace hazards and monitor the effectiveness of corrective actions. This inclusive approach strengthens employee participation in safety management and fosters a proactive safety culture. It also aligns with the Occupational Safety and Health Act 1994 and is supported by compliance with applicable OSH regulations and standards, including:



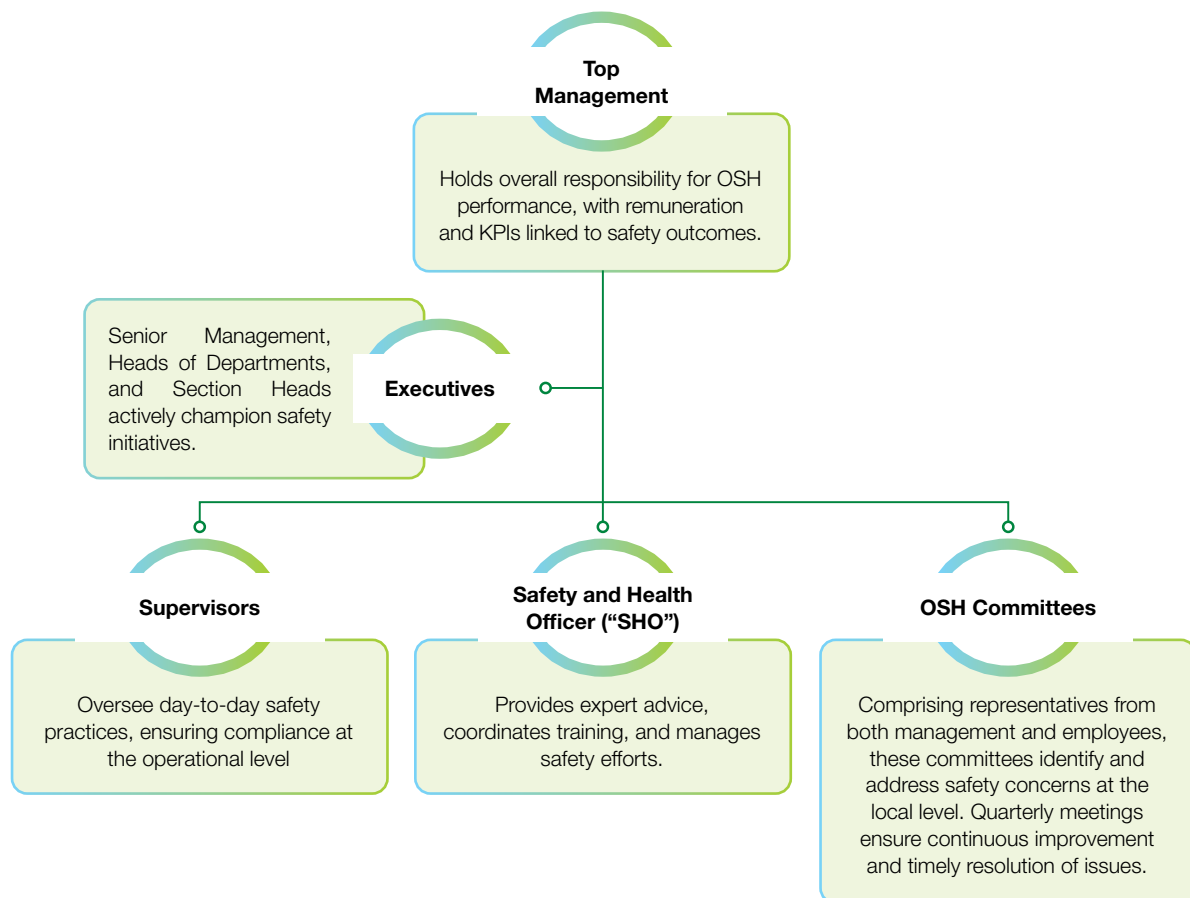
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

Safety governance at MHB is embedded across all levels of the organisation, with clear roles and shared accountability to ensure the effective implementation and continuous improvement of occupational safety and health practices.



OSH Training and Capacity Building

The Group continues to implement comprehensive safety training and awareness programmes to enhance employee competency and prevent workplace incidents. These include safety induction programmes for new employees, hazard identification and risk assessment training, emergency response training and specialised safety training for high-risk roles such as forklift operation and chemical handling.

Proactive safety programmes are implemented to foster a culture of continuous improvement and vigilance across the Group. These initiatives strengthen risk awareness, enhance emergency preparedness and reinforce safe work practices through the following measures:

- **Quarterly safety programmes** to promote safety awareness and reinforce best practices across operational sites.
- **Twice-yearly fire evacuation drills** to ensure emergency preparedness and effective response.
- **Firefighting training** and competitions to build practical emergency response skills and teamwork.
- **Toolbox briefings** for employees and contractors to highlight job-specific hazards and safety requirements.
- **Unsafe practices sharing sessions** during safety meetings to identify risks and implement preventive actions.
- **Hazard Identification, Risk Assessment and Risk Control (HIRARC)** to systematically identify, assess and mitigate workplace hazards.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

OSH Training and Capacity Building (Cont'd)

Additionally, safety standards and procedures are communicated through multiple channels to ensure consistent understanding and compliance across the Group. All new employees and contractors undergo safety induction programmes to familiarise them with workplace hazards and safety requirements. This is reinforced through regular safety briefings and meetings, supported by workplace signage, safety manuals and written procedures that provide clear operational guidance. Certain operational roles involve exposure to occupational hazards such as noise, chemicals and ergonomic strain. To mitigate these risks, the Group implements appropriate control measures in line with the hierarchy of controls, including engineering controls, provision of personal protective equipment ("PPE") and regular health monitoring programmes such as audiometric testing, chemical health risk assessments and ergonomic evaluations to safeguard employee wellbeing.

Foreign workers are required to undergo mandatory medical screening in accordance with Foreign Workers' Medical Examination Monitoring Agency ("FOMEMA") requirements to ensure fitness for work and facilitate early detection and management of communicable diseases, supporting a safe and healthy workplace for all employees.

Collectively, these programmes help ensure that employees, particularly those in high-risk roles, understand workplace hazards and consistently adopt safe work practices. In FY2025, a total of 2,190 employees received occupational safety and health training, reflecting the Group's continued focus on strengthening safety competencies, enhancing risk awareness and reinforcing safe work practices across its operations.

	FY2023	FY2024*	FY2025
Number of employees trained on health and safety standards	2,244	2,203	2,190

Note: Past year data on the number of employees trained on health and safety standards has been restated following the enhancement of data collection and compilation methodology.

Emergency Preparedness and Incident Management

In the event of workplace incidents, MHB maintains a high level of emergency preparedness through regular first-aid training, fire evacuation drills, and clearly defined Emergency Response Procedures as outlined in the Group's Occupational Health and Safety Handbook. All reported incidents, near misses, and accidents are managed through a structured reporting and escalation process to ensure full compliance with regulatory requirements. The Group utilises an internal Accident Investigation Form to document incident details, including the nature of the injury, root cause analysis, and corresponding corrective and preventive actions, enabling continuous improvement in workplace safety.

A dedicated Incident Investigation Team, led by the Safety and Health Officer, conducts comprehensive investigations involving witness interviews, site inspections, and review of operational records. Investigation findings, risk mitigation measures, and corrective actions are formally presented to Senior Management and reviewed during quarterly Safety and Health Committee meetings to ensure transparency, accountability, and timely implementation. These processes are aligned with ISO 45001 Occupational Health and Safety Management System standards and the requirements of the Department of Occupational Safety and Health ("DOSH"). Prompt reporting and proactive investigation of incidents and near misses further strengthen the Group's ability to prevent recurrence and safeguard employee well-being.

OSH Monitoring and Performance

Monitoring OSH performance is an ongoing process at MHB, with key indicators such as incident rates, lost time injuries and manhours worked regularly reviewed to identify risks and strengthen preventive measures. Findings from incident investigations are used to update risk assessments and control measures, with Hazard Identification, Risk Assessment and Risk Control ("HIRARC") applied across all facilities to prioritise high-risk activities. This process is supported by internal safety inspections and external audits, including assessments by the Department of Occupational Safety and Health ("DOSH") and the Department of Environment ("DOE"), with OSH data submitted annually to ensure regulatory compliance.

SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

OSH Monitoring and Performance (Cont'd)

Following the previous year, the Group maintained its zero work-related fatalities record in FY2025, reflecting the continued effectiveness of its safety management framework and preventive controls. The Group recorded 39 work-related injuries, a slight decrease from 40 in FY2024, indicating a marginal improvement in incident occurrence; however, the injury rate increased to 1.27 per 200,000 manhours, primarily due to lower total manhours worked following a reduction in operational workforce during the year.

The Lost Time Incident Rate increased to 49.76 from 24.90, reflecting a higher proportion of injuries requiring extended recovery periods. This underscores the need for continued focus on hazard mitigation, safety awareness, and preventive controls. All incidents are investigated in accordance with established procedures and regulatory requirements, with corrective actions implemented to prevent recurrence and strengthen overall safety performance.

Year	Total manhours worked	No. of work-related fatalities		No. of work-related injuries	Injury Rate*	Fatality Rate*	Lost Time Incident ("LTI") Rate*
		Employee	Contractor				
FY2023	6,316,579	0	0	32	1.01	0.00	32.27
FY2024	6,835,685	0	0	40	1.17	0.00	24.90
FY2025	6,147,207	0	0	39	1.27	0.00	49.76

Note:

- The injury rate, fatality rate, and lost time incident rate is calculated based on the number of work-related injuries, fatalities, and lost time incidents, respectively, per 200,000 hours worked by employees.
- Total manhours worked data for FY2023 and FY2024 have been restated to reflect enhancements and updates to the underlying data inputs.

COMMUNITY DEVELOPMENT

As part of its commitment to being a responsible corporate citizen, MHB continues to support community development through structured contributions across key social areas, guided by its Code of Business Conduct and Ethics and internal governance framework. The Group adopts a targeted approach to community investment, focusing on areas where it can deliver meaningful and sustained impact, while aligning with stakeholder needs and local community priorities.

MHB identifies its CSR focus areas through ongoing engagement with local communities, employees, industry associations, and public institutions, taking into consideration operational footprint, stakeholder expectations, and areas of societal need. This ensures that contributions are directed towards initiatives that are relevant, impactful, and aligned with the Group's broader sustainability objectives.

FY2025
RM161,843
invested in the community

FY2024: RM391,679 | FY2023: RM57,280

FY2025
39 organisations
benefited

FY2024: 70 org. | FY2023: 23 org.

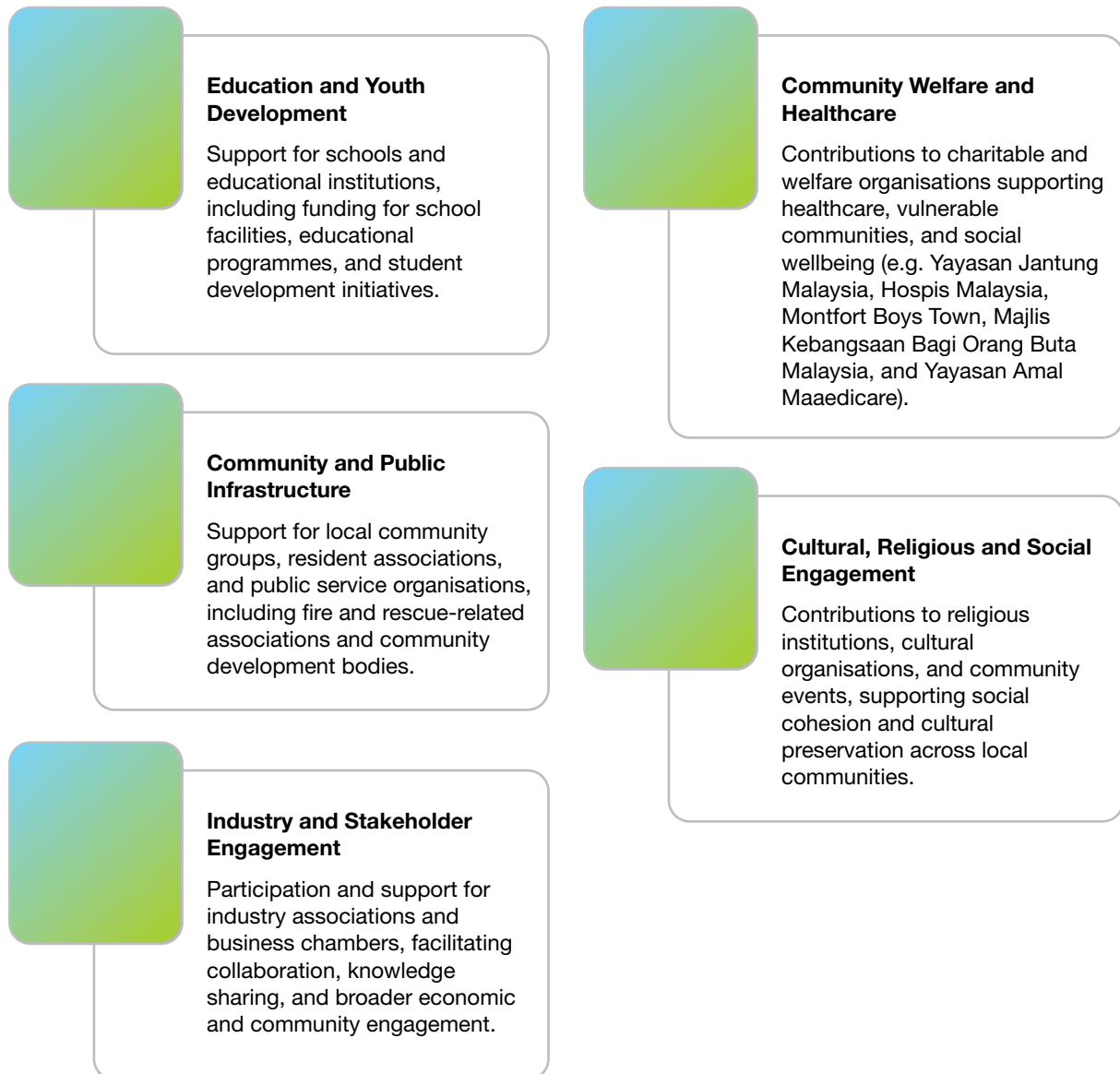
SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

COMMUNITY DEVELOPMENT (CONT'D)

In FY2025, the Group invested a total of RM161,843 in community contributions, benefiting 39 organisations and beneficiaries across Malaysia. These contributions were primarily directed towards the following focus areas:

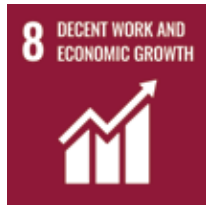


Through these efforts, MHB seeks to contribute positively to the communities it serves by supporting education, enhancing wellbeing, and fostering stronger, more inclusive communities for the long term.

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS



CORPORATE GOVERNANCE

Strong corporate governance remains fundamental to MHB's ability to operate responsibly, manage risks effectively and deliver sustainable long-term value. The Group's governance framework is designed to promote ethical conduct, transparency and accountability across all levels of the organisation, ensuring that business decisions consider not only financial performance but also environmental and social impacts.

Oversight of the Group's governance and sustainability agenda is led by the Board of Directors. The Board of Directors retains overall responsibility for setting strategic direction, overseeing risk management, and ensuring the effectiveness of internal controls, including sustainability-related considerations. This is supported by Board Committees, including the Sustainability Committee, which provides focused oversight on the integration of sustainability into strategy, risk management, and performance monitoring.

At the management level, Executive Management, including the EXCO and Sustainability Reporting Working Group ("SRW"), is responsible for operationalising the Board's directives, implementing sustainability initiatives, and monitoring performance across key ESG areas. This structured governance approach ensures clear accountability and effective coordination across the Group.

For further information, please refer to the section 'Sustainability Governance' in this report.

Our Board of Directors

The Board continues to maintain a well-balanced composition that supports effective oversight, accountability and independent judgement. As at FY2025, the Board comprises seven (7) Directors, consisting of two (2) Executive Directors and five (5) Non-Executive Directors, of whom three (3) are Independent Non-Executive Directors. This composition reflects the Group's continued compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance ("MCCG"), which emphasise the importance of independent oversight in strengthening governance effectiveness.

The Board includes two (2) female Non-Independent Non-Executive Directors, representing approximately 28.6% female Board representation. This reflects the Group's ongoing commitment to strengthening gender diversity and ensuring balanced representation in leadership. The presence of female directors with senior operational and management experience enhances the diversity of perspectives, supports more effective decision-making and contributes to stronger governance outcomes.

In addition to gender diversity, the Board collectively brings extensive expertise across finance, manufacturing, corporate strategy, sustainability, legal, accounting and corporate governance. Several Board members also serve on key Board Committees, including the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, providing focused oversight on financial integrity, Board effectiveness, executive remuneration and sustainability performance.

This diversity of experience and strong governance structure enables the Board to effectively oversee the Group's strategic direction, risk management and sustainability priorities, ensuring the Group remains resilient and well-positioned to deliver long-term sustainable value.

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

CORPORATE GOVERNANCE (CONT'D)

Our Board of Directors (Cont'd)

Further details on the roles, responsibilities and performance of the Board and its Committees are provided in the Corporate Governance Overview Statement of this Annual Report, demonstrating the Group's continued commitment to maintaining high standards of corporate governance.

Board of Directors Breakdown by Gender	FY2023	FY2024	FY2025
Male	77.8%	75.0%	71.4%
Female	22.2%	25.0%	28.6%
Board of Directors Breakdown by Ethnicity	FY2023	FY2024	FY2025
Malay	33.3%	25.0%	28.6%
Chinese	66.7%	75.0%	71.4%
Indian	0.0%	0.0%	0.0%
Others	0.0%	0.0%	0.0%
Board of Directors Breakdown by Age Group	FY2023	FY2024	FY2025
≤30 years old	0.0%	0.0%	0.0%
31-50 years old	11.1%	12.5%	14.3%
51-64 years old	55.6%	62.5%	57.1%
≥65 years old	33.3%	25.0%	28.6%

GOOD GOVERNANCE AND ETHICS

MHB is committed to upholding high standards of governance and ethical conduct to support responsible business practices and long-term sustainability. The Group continues to reinforce its governance framework through key policies, including the Code of Conduct, Anti-Bribery and Anti-Corruption ("ABAC") Policy, Data Protection and Privacy Policy, and Whistleblowing Policy. These policies provide clear guidance on ethical behaviour, legal compliance, and professional conduct, which are all well communicated to employees through the employee handbook and internal communications strategies.

The Group's Code of Conduct promotes integrity, honesty, accountability, and respect in all business dealings. It also requires employees and management to avoid conflicts of interest, protect confidential information, comply with applicable laws, and uphold environmental, safety, and social standards. Managers and supervisors are expected to demonstrate ethical leadership and ensure compliance within their respective teams. These measures help mitigate regulatory, operational, and reputational risks while reinforcing stakeholder trust and supporting sustainable business growth.

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)**GOOD GOVERNANCE AND ETHICS (CONT'D)****Code of Conduct**

The Group maintains formal Codes of Conduct for both Directors and employees to ensure ethical leadership and responsible business practices.

Directors are required to act in good faith, exercise due care and independent judgement, and act in the best interests of the Group and its shareholders. They must avoid conflicts of interest, safeguard confidential information, and refrain from improper use of their position. Directors are also expected to uphold legal and ethical standards and promote a culture of integrity across the organisation.

Employees are expected to uphold high standards of honesty, professionalism, and accountability. This includes complying with laws and internal policies, maintaining confidentiality, ensuring workplace safety, and treating stakeholders with fairness and respect. The Code also prohibits misconduct such as bribery, harassment, discrimination, falsification of records, and misuse of company assets.

By embedding these principles into its operations, the Group strengthens its governance framework and supports a culture of ethical and responsible business conduct.

The Code can be read on the Group's website at muda.com.my/code-of-conduct

Anti-Bribery and Anti-Corruption

MHB remains committed to maintaining the highest standards of integrity, transparency, and ethical conduct in all business activities. The Group adopts a zero-tolerance approach towards bribery and corruption, recognising that unethical practices may result in legal, financial, and reputational risks while undermining stakeholder trust and long-term sustainability.

The Group continues to strengthen its anti-corruption framework through corruption risk assessments, internal controls, employee training, and robust governance practices. The Group recognises that certain roles, particularly those involving procurement, vendor management, contract negotiations, and marketing activities, may face elevated exposure to corruption risks due to their interaction with external parties. To mitigate these risks, enhanced controls have been implemented, including segregation of duties, multi-level approval processes, due diligence assessments, and transparent tender evaluation procedures as well as ABAC training.

As part of its ongoing efforts to curb corruption risks, particularly in procurement activities which remain a key exposure area, the Group has implemented structured safeguards to promote transparency and accountability in supplier selection. These include price benchmarking, competitive tender processes, vendor due diligence, and multi-level approval procedures to ensure fair and objective decision-making. For example, at MPM Kajang, procurement decisions incorporate price comparison during tender evaluation, due diligence on suppliers, and management approval processes to ensure transparency and prevent undue influence.

While MHB has not conducted formal standalone corruption risk assessments during the reporting period, corruption risk considerations are embedded within existing internal control processes, procurement procedures, and management oversight practices to identify and mitigate potential exposure areas. The Group continues to enhance its approach towards more structured corruption risk assessment in upcoming reporting periods.

To strengthen accountability, the Group maintains a Whistleblowing Policy that enables employees, suppliers, and stakeholders to report suspected misconduct confidentially and without fear of retaliation. All reported cases are escalated to the Whistleblowing Committee and Senior Management for investigation and appropriate corrective action. As an apolitical organisation, the Group does not make political contributions.

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

GOOD GOVERNANCE AND ETHICS (CONT'D)

Anti-Bribery and Anti-Corruption Policy

The Group's Anti-Bribery and Anti-Corruption Policy establish a comprehensive framework to prevent, detect, and address corruption risks. The policy applies to Directors, employees, and associated persons, including suppliers, contractors, consultants, agents, and business partners, and ensures compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and other applicable anti-corruption laws.

The ABAC Policy strictly prohibits all forms of bribery, including offering, soliciting, or accepting improper payments, kickbacks, or inducements. It also requires employees and associated persons to act honestly, maintain accurate records, avoid conflicts of interest, and report suspected misconduct. Facilitation payments and political contributions are strictly prohibited, while gifts and hospitality must be declared and approved in accordance with the Group's procedures. Additionally, the policy is reviewed at least once every three years to ensure its continued relevance and effectiveness.

The full ABAC Policy can be read on the Group's website at <https://muda.com.my/ABAC-Policy>

Training and communication play an important role in strengthening awareness and compliance. The ABAC Policy is communicated to employees during onboarding and reinforced through regular briefings and training programmes. In FY2025, 100% of the Board of Directors had received anti-corruption training before, while training was also provided to employees across various levels of the organisation. MHB continues to ensure that anti-corruption training remains mandatory for Directors and employees, enabling them to understand the Group's ABAC Policy, reporting procedures and expected ethical standards from the outset and throughout their employment.

Anti-Corruption Training and Communication	FY2023	FY2024	FY2025
Percentage of Board of Directors who have received training on anti-corruption	100%	100%	100%
Percentage of employees that have received training on anti-corruption policies and procedures			
• Senior Management	N/A	10%	17%
• Management	N/A	5%	9%
• Executive	N/A	10%	19%
• Non-Executive	N/A	7%	17%

All reported incidents of suspected corruption or unethical conduct continue to be channelled through the Group's Whistleblowing mechanism and escalated to the Whistleblowing Committee of MHB to ensure independent review, transparency, and accountability. Investigation outcomes and relevant findings are subsequently reported to Senior Management and the Board, enabling timely corrective actions and strengthening governance oversight. This structured process reinforces stakeholder confidence and supports the Group's commitment to maintaining high standards of integrity and ethical conduct.

In FY2025, no confirmed cases of bribery or corruption, employee disciplinary actions related to corruption, or legal cases were recorded, reflecting the continued effectiveness of the Group's anti-corruption controls and its strong culture of ethical business conduct. This sustained performance reflects the effectiveness of the Group's Anti-Bribery and Anti-Corruption framework, internal controls, and continuous awareness efforts in preventing unethical conduct.

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

GOOD GOVERNANCE AND ETHICS (CONT'D)

Anti-Bribery and Anti-Corruption Policy (Cont'd)

The Group remains committed to continuously strengthening its whistleblowing framework, internal monitoring, and training programmes to ensure early detection, effective mitigation, and ongoing compliance with anti-corruption laws and ethical standards, reinforcing its position as a leader committed to the highest standards of integrity, accountability, and transparency.

	FY2023	FY2024	FY2025
Total number of confirmed incidents of corruption	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption	0	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0	0
Cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0

Data Protection and Privacy

As digital technologies become increasingly embedded in daily operations, the Group recognises the growing risks associated with cybersecurity threats and data breaches. MHB remains committed to safeguarding the personal and confidential information of its customers, employees, suppliers, and business partners, recognising that failure to protect such information could result in operational disruption, regulatory penalties, and reputational damage.

The Group implements comprehensive data protection and cybersecurity measures to ensure information is managed with integrity, confidentiality, and in compliance with the Personal Data Protection Act 2010. The Group’s integrated information security framework supports secure data handling, lawful processing, and controlled information sharing across its operations.

Key internal controls include:

- **Deployment of encryption technologies, firewalls, antivirus systems, automated security patching, and periodic vulnerability assessments** to strengthen system resilience.
- **Implementation of physical and organisational safeguards** to prevent unauthorised access, misuse, or loss of personal data.
- **Ongoing employee training and awareness programmes** to promote responsible data handling and cybersecurity vigilance.
- **Regular disaster recovery simulations** to strengthen business continuity and incident preparedness.

These measures contributed to maintaining strong data security performance, with zero substantiated complaints concerning breaches of customer privacy or loss of customer data reported in FY2025. This sustained performance reflects the effectiveness of the Group’s proactive approach in protecting stakeholder information and maintaining trust in its operations.

FY2025
ZERO
substantiated complaints
concerning breaches of
customer privacy or loss of data
 FY2024: 0 | FY2023: 0

SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

GOOD GOVERNANCE AND ETHICS (CONT'D)

Whistleblowing Policy

The Group continues to uphold a robust Whistleblowing Policy that provides clear and accessible channels for employees and external stakeholders, including vendors, contractors, and the public, to report suspected misconduct, unethical behaviour, or breaches of laws and regulations in good faith. The policy supports a culture of openness, accountability, and integrity, while ensuring that whistleblowers are protected from retaliation and that all disclosures are treated with strict confidentiality, including the option for anonymous reporting.

All reported cases are submitted directly to the Whistleblowing Committee, which is responsible for acknowledging, reviewing, and investigating reported concerns using appropriate and independent procedures. Investigation findings and recommended actions are escalated to Senior Management and the Board where necessary to ensure transparency, accountability, and timely resolution. There were no reported cases of misconduct or malpractice in FY2025, reflecting the continued effectiveness of the Group's ethical governance framework.

The full Whistleblowing Policy can be read on the Group's website at <https://muda.com.my/investors-relations/board-charter-term-of-reference-of-comitees/>

REGULATORY COMPLIANCE

Maintaining full regulatory compliance remains fundamental to safeguarding the Group's licence to operate and sustaining stakeholder confidence. By adhering to applicable legal and regulatory requirements, the Group not only strengthens investor and customer trust but also supports environmental protection, worker safety, and community well-being. Building up on previous year, MHB continues to ensure compliance with relevant laws and standards across all jurisdictions of operation, including those governing environmental protection, labour practices, product safety, and financial reporting. Key performance indicators are established to maintain full compliance of packaging products with applicable national and international standards, while regular training programmes equip employees with updated knowledge on regulatory developments, including food safety, environmental and waste management, and workplace requirements and labour laws.

The Group maintains strict adherence to statutory licences and recognised management system standards, including ISO 9001 (Quality Management) and ISO 14001 (Environmental Management), alongside operational licences such as the MIDA/MITI Manufacturing Licence and local authority premise licences (e.g., MBSP, MDK, MBI, and MPJ), which are renewed annually to ensure uninterrupted operations. Internally, regulatory compliance is supported by a structured monitoring framework, including permit and licence renewal checklists, periodic internal reviews, and designated personnel responsible for tracking regulatory obligations. This proactive system enables the Group to anticipate regulatory changes, maintain continuous compliance, and reinforce its commitment to responsible and sustainable operations.

	FY2023	FY2024	FY2025
No. of environmental non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
No. of socioeconomic non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
Total cost of fines for environmental non-compliance (RM)	0	0	0
Total cost of fines for socio-economic non-compliance (RM)	0	0	0

SUSTAINABILITY STATEMENT

CONT'D

APPENDIX

SASB DISCLOSURE INDEX

Pulp & Paper Products

Topic	Code	Metric	Disclosure / Page Reference
Greenhouse Gas Emissions	RR-PP-110a.1	Gross global Scope 1 emissions	97,379 tCO₂e
	RR-PP-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Page 71
Air Quality	RR-PP-120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO ₂ , (3) volatile organic compounds (VOCs), (4) particulate matter (PM), and (5) hazardous air pollutants (HAPs)	N/A
Energy Management	RR-PP-130a.1	Total energy consumed	5,564,140 GJ
		Percentage grid electricity	9.1%
		Percentage from biomass	59.6%
		Percentage from other renewable energy	1.4%
		Total self-generated energy	79,778.7 GJ
Water Management	RR-PP-140a.1	Total water withdrawn	8,625,457 m³
		Total water consumed	8,625,457 m³
		Percentage of each in regions with High or Extremely High Baseline Water Stress	0%
	RR-PP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Page 83
Supply Chain Management	RR-PP-430a.1	Percentage of wood fibre sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fibre sourcing standards and percentage to each standard	N/A
	RR-PP-430a.2	Amount of recycled and recovered fibre procured	N/A
Activity Metrics	RR-PP-000.A	Pulp production	N/A
	RR-PP-000.B	Paper production	N/A
	RR-PP-000.C	Total wood fibre sourced	N/A

SUSTAINABILITY STATEMENT

CONT'D

ASSURANCE STATEMENT

MHB has undertaken an internal assurance process of SS2025 in line with its commitment to ensuring the reliability of data and disclosures presented in the Statement.

The internal review has been conducted by MHB's Finance Team with advisory support from external consultants in accordance with Scenario 3 of the Bursa Sustainability Reporting Guide 3 as follows:

Subject Matter	Scope
<ul style="list-style-type: none"> All aspects/parts of SS2025 have been subjected to an internal review by MHB's Finance Team. 	<ul style="list-style-type: none"> The boundary of the internal review is identical to the boundary set for SS2025; that is the holding company of MHB and all subsidiaries defined in the 'Reporting Scope and Boundary'.

Indicators that have been assured are based on the reporting frameworks referenced or adhered to in the 'About This Statement' section in this Sustainability Report. For conciseness of information and the avoidance of duplication and redundancies, the opinion of the assurer is provided within the content index table section in this Sustainability Report.

The following legend is used: -

Green	Based on the procedures performed and evidence obtained, nothing has come to our attention that the subject matter has not been prepared to a high level of compliance and has met the threshold for accuracy and verifiability.
Yellow	Data/disclosures are verifiable and suitable for publication based on procedures performed. However, measures to strengthen data collection, enhance data owner verification, and improve related processes may be implemented to reinforce documentation practices and ensure greater traceability moving forward.
Red	No assurance is provided due to the inability to verify data, data sources or data owners' confidence in the accuracy and veracity of disclosures.

Methodology

The assurance process undertaken centred on the following aspects:

- Verification of data collection processes on its reasonableness in comparison with previous year data
- Ascertaining ownership of data and disclosures within the Group
- Confidence of data owner on the veracity of data and disclosures presented in SS2025

Specific Activities Undertaken

- Virtual interviews with relevant data owners on verifying existence of data collection and overall confidence levels of data collected
- Querying data owners and management where further information/clarification was required.
- Provision of exclusions, qualifiers if any, where required.

While the MHB Finance Team has undertaken its internal review with the aim of establishing a reasonable expectation of detecting the accuracy of the data collected, internal assurance procedures alone do not prevent the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

SUSTAINABILITY STATEMENT

CONT'D

ASSURANCE STATEMENT (CONT'D)**Conclusions and Recommendations**

To the best of knowledge of the MHB Finance Team, data collection processes are robust and that SS2025 has been presented fairly with most data and claims made verified for correctness. No areas of material non-compliance were identified.

The MHB Finance Team shall continue to compare and analyse data collected and undertake improvements to further streamline the data collected. Specifically, these are:

- Working in advance of reporting for FY2026 to strengthen data collection processes, ensuring dedicated data owners and establishing clear reporting mechanisms and teams, notably for all Bursa SRG3, GRI, SASB, FTSE, TCFD, IFRS topics and indicators.
- Establishing periodic internal testing or systems that would mandate regular and accurate data collection. These include reporting to the Board and the Sustainability Committee or any other governance body within the organisation.
- Providing regular briefing and training session for staff on ensuring robust record keeping and working with external consultants to review and refine processes as well as train internal staff.
- Transitioning to a digital based system, developed to facilitate more systematic and seamless data collection.
- Other internal organisational controls and checks as deemed fit by the organisation.

SUSTAINABILITY STATEMENT

CONT'D

GRI CONTENT INDEX

STATEMENT OF USE:	Muda Holdings Berhad has reported the information cited in this GRI content index for the period 1 January 2025 - 31 December 2025 with reference to the GRI Standards.
GRI 1 USED:	GRI 1: Foundation 2021

CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	OPINION
2-1	Organizational details	–	–	–	–	–	About This Statement (page 43)	–
2-2	Entities included in the organization's sustainability reporting	Scope and Basis of Scope	–	–	–	–		
2-3	Reporting period, frequency and contact point							
2-4	Restatements of information							
2-5	External assurance	Assurance					–	–
2-6	Activities, value chain and other business relationships	–						
2-7	Employees	Labour Practices & Standards C6(b)	Labour Standards	–	SDG5, 8	Principle 6	Diversity, Equality, and Inclusion (page 88)	–
2-8	Workers who are not employees							
2-9	Governance structure and composition	Sustainability Governance	Corporate Governance	–	SDG16, 17	Principle 10	Sustainability Governance (page 45)	–
2-10	Nomination and selection of the highest governance body							
2-11	Chair of the highest governance body							
2-12	Role of the highest governance body in overseeing the management of impacts							
2-13	Delegation of responsibility for managing impacts							
2-14	Role of the highest governance body in sustainability reporting							
2-15	Conflicts of interest							
2-16	Communication of critical concerns							
2-17	Collective knowledge of the highest governance body							
2-18	Evaluation of the performance of the highest governance body							
2-19	Remuneration policies	Risk Management; Human Rights & Community	–	–	–	Principle 1, 2, 3, 7, 10	Profile of Directors (page 15) Corporate Governance Overview Statement (page 23)	–
2-20	Process to determine remuneration							
2-22	Statement on sustainable development strategy							
2-23	Policy commitments							
2-24	Embedding policy commitments	–	–	–	–	–	UNSDGs (page 55); Message from Leadership (page 48)	–
2-25	Processes to remediate negative impacts							
							Labour and Human Rights (page 100)	

SUSTAINABILITY STATEMENT

CONT'D

CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	OPINION	
2-26	Mechanisms for seeking advice and raising concerns								
2-27	Compliance with laws and regulations								Regulatory Compliance (page 112)
2-28	Membership associations								Membership in Associations (page 51)
2-29	Approach to stakeholder engagement								Stakeholder Engagement (page 50)
2-30	Collective bargaining agreements								Labour and Human Rights (page 100)
3-1	Process to determine material topics	Materiality Assessment	-	-	-	-	Materiality Assessment (page 52); Materiality Matrix (page 54)	-	
3-2	List of material topics	Management Approach							
3-3	Management of material topics								
201-1	Direct economic value generated and distributed	-	-	-	SDG1, 8, 10, 13	-	N/A	-	
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Aligned Disclosure	-	-	-	-	Climate-related Strategic Disclosures (page 66)		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	Human Rights & Community	-	SDG5, 8, 10	Principle 6	N/A	-	
202-2	Proportion of senior management hired from the local community	-	Human Rights & Community	-	SDG9, 11	-	Profile of Directors (page 15)		
203-1	Infrastructure investments and services supported	-	Human Rights & Community	-	SDG9, 11	-	N/A	-	
203-2	Significant indirect economic impacts	-	Human Rights & Community	-	SDG9, 11	-	Economic Impacts (page 58)		
204-1	Proportion of spending on local suppliers	Supply Chain Management C7(a)	Human Rights & Community	-	SDG8, SDG17	-	Local Procurement (page 64)		
205-1	Operations assessed for risks related to corruption	Anti-Corruption C1(a), C1(b), C1(c)	Anti-Corruption	-	SDG4, SDG16	Principle 10	Anti-Bribery and Anti-Corruption (page 109)		
205-2	Communication and training about anti-corruption policies and procedures								
205-3	Confirmed incidents of corruption and actions taken								
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	-	SDG8, 10, 16	Principle 10	N/A	-	
207-1	Approach to tax	-	Tax Transparency	-	SDG10, 16, 17	-	N/A	-	
207-2	Tax governance, control, and risk management								
207-3	Stakeholder engagement and management of concerns related to tax								
207-4	Country-by-country reporting								
301-1	Materials used by weight or volume	Materials S5(a)	Pollution & Resources	-	SDG12	Principle 7, 8, 9	Waste and Circularity (page 79)		
301-2	Recycled input materials used								
301-3	Reclaimed products and their packaging materials								
302-1	Energy consumption within the organization	Energy Management C4(a)	Climate Change	-	SDG7, 12, 13	Principle 7, 8, 9	Energy Management (page 76)		
302-2	Energy consumption outside of the organization								
302-3	Energy intensity								
302-4	Reduction of energy consumption								
302-5	Reductions in energy requirements of products and services								

SUSTAINABILITY STATEMENT

CONT'D

CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	OPINION	
303-1	Interactions with water as a shared resource	Water C9(a) Effluents S8(a)	Water Use Pollution & Resources	–	SDG6, 12	Principle 7, 8, 9	Water Management (page 83)		
303-2	Management of water discharge-related impacts			RR-PP-140a.2					
303-3	Water withdrawal			RR-PP-140a.1					
303-4	Water discharge								
303-5	Water consumption								
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity S1(a) S1(b) S1(c)	Biodiversity	–	SDG14, 15	Principle 7, 8, 9	Biodiversity (page 87)	–	
304-2	Significant impacts of activities, products and services on biodiversity			–					
304-3	Habitats protected or restored			N/A					
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations								
305-1	Direct (Scope 1) GHG emissions	Emissions Management C11(a) C11(b) C11(c)	Climate Change	RR-PP-110a.1 RR-PP-110a.2	SDG7, 12, 13	Principle 7, 8, 9	Emissions Management (page 71)		
305-2	Energy indirect (Scope 2) GHG emissions			–					
305-3	Other indirect (Scope 3) GHG emissions								
305-4	GHG emissions intensity								
305-5	Reduction of GHG emissions								
305-6	Emissions of ozone-depleting substances (ODS)	Emissions - Air Quality/ Pollution S4(a)	Pollution & Resources	RR-PP-120a.1				–	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions								Environmental Compliance (page 85)
306-1	Waste generation and significant waste-related impacts	Waste Management C10(a) C10(a)(i) C10(a)(ii)	Pollution & Resources	–	SDG6, 12	Principle 7, 8, 9	Waste and Circularity (page 79)		
306-2	Management of significant waste-related impacts								
306-3	Waste generated								
306-4	Waste diverted from disposal								
306-5	Waste directed to disposal								
308-1	New suppliers that were screened using environmental criteria	Supply Chain (Env) S6(a) S6(b)	Supply Chain (Environment)	–	SDG8, 11, 12, 16	Principle 7, 8	Supply Chain Management (page 63)		
308-2	Negative environmental impacts in the supply chain and actions taken								–
401-1	New employee hires and employee turnover	Labour Practices and Standards C6(c)	Labour Standards	–	SDG5, 8	Principle 6	Hiring, Onboarding, and Attrition (page 94)		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees								–
401-3	Parental leave								
402-1	Minimum notice periods regarding operational changes	–	–	–	SDG8	–	Hiring, Onboarding, and Attrition (page 94)	–	
403-1	Occupational health and safety management system	Health and Safety C5(a) C5(b) C5(c)	Health & Safety	–	SDG3, 4, 8	–	Occupational Health and Safety (page 102)	–	
403-2	Hazard identification, risk assessment, and incident investigation								
403-3	Occupational health services								

SUSTAINABILITY STATEMENT

CONT'D

CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	SASB ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE	OPINION
403-4	Worker participation, consultation, and communication on occupational health and safety							
403-5	Worker training on occupational health and safety							
403-6	Promotion of worker health							-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships							
403-8	Workers covered by an occupational health and safety management system							
403-9	Work-related injuries							
403-10	Work-related ill health							
404-1	Average hours of training per year per employee	Labour Practices and Standards C6(a)	Labour Standards	-	SDG4, 5, 8	-	Training and Education (page 98)	
404-2	Programs for upgrading employee skills and transition assistance programs							-
404-3	Percentage of employees receiving regular performance and career development reviews							Talent Management and Development (page 93)
405-1	Diversity of governance bodies and employees	Diversity C3(a) C3(b)	Labour Standards	-	SDG5, 8, 10	Principle 6	Corporate Governance (page 107)	
405-2	Ratio of basic salary and remuneration of women to men							N/A
406-1	Incidents of discrimination and corrective actions taken	-	Labour Standards	-	SDG5, 8, 10, 16	Principle 6	Diversity, Equality and Inclusion (page 88)	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	Labour Standards	-	SDG8, 10, 16	Principle 1, 2, 3	Labour and Human Rights (page 100)	-
408-1	Operations and suppliers at significant risk for incidents of child labor	-	Labour Standards	-	SDG8, 10, 16	Principle 1, 2, 5		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Labour Standards	-	SDG8, 10, 16	Principle 1, 2, 4		
410-1	Security personnel trained in human rights policies or procedures	-	-	-	SDG4, 16	Principle 1, 2	N/A	
411-1	Incidents of violations involving rights of indigenous peoples	-	Human Rights & Community	-	SDG10, 16	Principle 1, 2	N/A	
413-1	Operations with local community engagement, impact assessments, and development programs	Community/Society C2(a) C2(b)	Human Rights & Community	-	SDG11, 16, 17	-	Labour and Human Rights (page 105)	
413-2	Operations with significant actual and potential negative impacts on local communities							N/A
414-1	New suppliers that were screened using social criteria	Supply Chain (Social) S7(a) S7(b)	Supply Chain (Social)	-	SDG8, 10, 11, 16	Principle 1, 2	Supply Chain Management (page 63)	
414-2	Negative social impacts in the supply chain and actions taken							
415-1	Political contributions	-	Anti-Corruption	-	SDG16	Principle 10	Anti-Bribery and Anti-Corruption (page 109)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security C8(a)	Human Rights & Community	-	SDG16	-	Data Protection and Privacy (page 111)	

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Anti-Corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Senior Management	Percentage	17.00	—	Internal
Bursa (Anti-Corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Management	Percentage	9.00	—	Internal
Bursa (Anti-Corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	19.00	—	Internal
Bursa (Anti-Corruption)	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category - Non-executive	Percentage	17.00	—	Internal
Bursa (Anti-Corruption)	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	—	Internal
Bursa (Anti-Corruption)	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	Zero confirmed incidents of corruption per annum	Internal
Bursa (Community/Society)	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	161,843	—	Internal
Bursa (Community/Society)	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	39.00	—	Internal

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Senior Management (Under 31)	Percentage	0.00	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Senior Management (Between 31-50)	Percentage	40.80	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Senior Management (Between 51-64)	Percentage	57.90	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Senior Management (Above 64)	Percentage	1.30	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Management (Under 31)	Percentage	310	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Management (Between 31-50)	Percentage	68.10	—	Internal

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This report was generated on the Bursa Malaysia CSI Platform on 2026-04-10 11:30:05

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Management (Between 51-64)	Percentage	2780	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Management (Above 64)	Percentage	0.00	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Executive (Under 31)	Percentage	21.80	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Executive (Between 31-50)	Percentage	5760	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Executive (Between 51-64)	Percentage	19.80	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Executive (Above 64)	Percentage	0.80	—	Internal

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Non-executive (Under 31)	Percentage	25.90	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Non-executive (Between 31-50)	Percentage	58.60	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Non-executive (Between 51-64)	Percentage	15.50	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Age Group by Employee Category: Non-executive (Above 64)	Percentage	0.00	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Senior Management (Male)	Percentage	7110	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Senior Management (Female)	Percentage	28.90	—	Internal

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Management (Male)	Percentage	55.70	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Management (Female)	Percentage	44.30	At least 25.00% of women in management and executive roles annually	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Executive (Male)	Percentage	41.60	—	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Executive (Female)	Percentage	58.40	At least 25.00% of women in management and executive roles annually	Internal
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Non-executive (Male)	Percentage	86.80	—	Internal

SUSTAINABILITY STATEMENT

CONT'D

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FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Diversity)	Bursa C3(a) Percentage of employees by gender and age group, for each employee category Gender Group by Employee Category: Non-executive (Female)	Percentage	13.20	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Male	Percentage	71.40	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Female	Percentage	28.60	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Under 31	Percentage	0.00	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Between 31-50	Percentage	14.30	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Between 51-64	Percentage	57.0	—	Internal
Bursa (Diversity)	Bursa C3(b) Percentage of directors by gender and age group - Above 64	Percentage	28.60	—	Internal
Bursa (Energy Management)	Bursa C4(a) Total energy consumption	Gigajoule	5,564,140	—	Internal
Bursa (Health and safety)	Bursa C5(a) Number of work-related fatalities	Number	0	Zero work-related fatalities per annum	Internal
Bursa (Health and safety)	Bursa C5(b) Lost time incident rate	Rate	49.76	—	Internal
Bursa (Health and safety)	Bursa C5(c) Number of employees trained on health and safety standards	Number	2,190 (82.10%)	>50.00% of employees to be trained on OSH annually	Internal

SUSTAINABILITY STATEMENT

CONT'D

Date & Time: 2026-04-10 11:30:05
FYE 31/12/2025

MUDA HOLDINGS BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category - Senior Management	Hours	2,293	—	Internal
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category - Management	Hours	4,023	—	Internal
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category - Executive	Hours	6,502	—	Internal
Bursa (Labour practices and standards)	Bursa C6(a) Total hours of training by employee category - Non-executive	Hours	19,499	—	Internal
Bursa (Labour practices and standards)	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	310	—	Internal
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category - Senior Management	Number	7	—	Internal
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category - Management	Number	10	—	Internal
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category - Executive	Number	29	—	Internal
Bursa (Labour practices and standards)	Bursa C6(c) Total number of employee turnover by employee category - Non-executive	Number	310	—	Internal
Bursa (Labour practices and standards)	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	Zero substantiated complaints concerning human rights violations via any grievance channels per annum	Internal

SUSTAINABILITY STATEMENT

CONT'D

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Bursa (Supply chain and management)	Bursa C7(a) Proportion of spending on local suppliers	Percentage	85.70	>80.00% of local procurement spending per annum (subject to business viability)	Internal
Bursa (Data privacy and security)	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data per annum	Internal
Bursa (Water)	Bursa C9(a) Total volume of water used	Cubic Meter	8,625,457	—	Internal

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the following additional information are provided:

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS.

There were no proceeds raised from corporate proposals during the financial year.

AUDIT/NON-AUDIT FEE

The amount of audit and non-audit fees incurred by the Group and Company for the financial year ended 31 December 2025 was as follows:-

Detail of fee	Group RM	Company RM
Statutory Audit fees	530,000	57,000
Non-audit fees *	221,460	62,600

* The non-audit fees for services provided by auditors and affiliates of auditors were mainly in relation to review of Statement on Risk Management and Internal Control, facilitation of review from other auditors and tax compliance fee.

MATERIAL CONTRACTS

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders or Directors in office as at 31 December 2025 except as disclose in the notes to the financial statements.

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	2025 RM'000	2024 RM'000
Total Income		
Revenue	1,433,347	1,453,784
Other income	17,176	9,484
Interest/Finance income	660	1,311
Total	1,451,183	1,464,579
Total Assets	2,383,549	2,307,494

ADDITIONAL COMPLIANCE INFORMATION

CONT'D

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(b) Business Activities

Shariah Non-Compliant Activities	2025 RM'000	2024 RM'000
Tobacco, cigarette, electronic cigarettes and their related products and activities	8,991	6,486
Liquor/ alcoholic beverages and related products and activities	6,712	8,340
Dividend income received from conventional instruments	664	1,224
Interest income	632	1,258
Pork, non-halal food and related products and activities	47	35
Total	17,046	17,343

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	2025 RM'000	2024 RM'000
Cash and bank balances (exclude cash in hand)	555	288
Total islamic account/component	555	288
Conventional Account/Instruments		
Cash and bank balances (exclude cash in hand)	89,960	90,109
Deposits with licensed bank	7,864	15,944
Money market instruments	9,231	19,549
Other cash equivalents	2,287	2,110
Total conventional account/instruments	109,342	127,712
Total cash component	109,897	128,000

(ii) Debt Component

Islamic Financing

Current

Trade financing facilities	36,411	28,293
Revolving credit	1,000	1,000
Bank overdrafts	1,859	2,075
	39,270	31,368

Non-Current

Total Islamic Financing	39,270	31,368
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ADDITIONAL COMPLIANCE INFORMATION

CONT'D

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(c) Component of Financial Position (Cont'd)

(ii) Debt Component (Cont'd)

Conventional Borrowing	2025 RM'000	2024 RM'000
Current		
Trade financing facilities	367,589	362,072
Term loans	36,697	38,389
Revolving credit	96,132	118,043
Bank overdrafts	27,521	33,807
Lease liabilities	15,230	13,320
Other borrowings	34,734	29,058
	577,903	594,689
Non-Current		
Trade financing facilities	–	–
Term loans	108,643	76,998
Revolving credit	14,596	20,728
Bank overdrafts	–	–
Lease liabilities	21,219	22,783
Other borrowings	–	–
	144,458	120,509
Total conventional borrowings	722,361	715,198
Total borrowings	761,631	746,566

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 December 2025, the Directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and IFRS Accounting Standard have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

A background image featuring a dark grid with various financial data visualizations. On the left, there is a bar chart with vertical bars of varying heights. A white line graph with circular markers at each data point trends upwards from the bottom left towards the top right. Scattered throughout the grid are several numerical values in a light grey font, including '20.11', '03.33', '11.58', '08.11', '71.91', '77', '12', and '71.82'.

FINANCIAL STATEMENTS

THE FINANCIALS

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DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year	(45,721)	15,785
Attributable to:-		
Owners of the Company	(48,658)	15,785
Non-controlling interests	2,937	-
	(45,721)	15,785

DIVIDENDS

The amount of dividends declared and paid since the end of the previous financial year were as follows:-

	RM'000
In respect of financial year ended 31 December 2024 and paid on 23 July 2025:-	
First and final single tier dividend of 2.0 sen per share	6,101

The Directors do not recommend any final dividend payment for the current financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no issuance of debentures during the financial year.

DIRECTORS' REPORT

CONT'D

DIRECTORS OF THE COMPANY

The Directors who held office during the financial year and up to the date of this report are as follows:-

Dato' Azaman Bin Abu Bakar, DIMP (Executive Chairman)*
 Datuk Wira Lim Chiun Cheong, DCSM, DPSM (Managing Director)*
 Wong Choong Yee (Senior Independent Non-Executive Director)
 Lim Siew Ling (Non-Independent Non-Executive Director)*
 Lim Yen Wee (Non-Independent Non-Executive Director)*
 Dato' Tan Tian Meng, DBNS, ANS (Independent Non-Executive Director)
 Dato' Hazli Bin Ibrahim, DIMP, FCCA, MBA (Independent Non-Executive Director)
 Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN (Non-Independent Non-Executive Chairman) (Resigned on 28 May 2025)

* Directors of the Company and subsidiaries

LIST OF DIRECTORS OF SUBSIDIARIES

The Directors of subsidiaries who held office during the financial year and up to the date of this report are as follows:-

Chau Tien Dung
 Chew Phai Cheng
 Chew Keng Soo
 Chua Hwee Hooi
 Goh Ching Yee
 Hayakawa Naohiko
 Jason Hee Kon Thian
 Kang Yiang Lip
 Kok Lye Kheong
 Lau Saw Khim (Appointed on 2 January 2026)
 Lim Poh Beng
 Lim Weihan (Appointed on 25 August 2025)
 Lee Joo Keat
 Loo Ee Fah
 Tan Kuo Keng
 Teoh Hai Thow
 Tiu Wing Keat
 Wu Zhi Jing
 Yamashita Masashi
 Yu Shan Nee
 Tan Chaik Phoay (Resigned on 27 May 2025)
 Teoh Ewe Seng (Resigned on 31 December 2025)
 Tan Sri Lim Guan Teik (Demised on 31 March 2026)

DIRECTORS' REPORT

CONT'D

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 (the "Act"), the interests and deemed interests in the shares of the Company or its subsidiaries or related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) are as follows:-

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
<u>Interests in the Company</u>				
<u>Direct interest:</u>				
Dato' Azaman Bin Abu Bakar	711,000	–	–	711,000
Datuk Wira Lim Chiun Cheong	715,500	–	–	715,500
Lim Siew Ling	30,000	–	–	30,000
Lim Yen Wee	170,000	–	–	170,000
<u>Deemed interest:</u>				
Dato' Azaman Bin Abu Bakar	114,969,313	–	–	114,969,313
Datuk Wira Lim Chiun Cheong	128,627,613	–	–	128,627,613
Lim Siew Ling	118,487,013	–	–	118,487,013
Lim Yen Wee	119,283,513	261,900	–	119,545,413

By virtue of the direct and deemed interest of Dato' Azaman Bin Abu Bakar, Datuk Wira Lim Chiun Cheong, Lim Siew Ling and Lim Yen Wee in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest, under Section 8 of the Act.

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

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the emoluments received and receivable by the Directors of the Company were as follows:-

	Incurred by the Company RM'000	Incurred by the subsidiaries RM'000	Total/ Group RM'000
Directors' fees	420	497	917
Salaries, bonus and other emoluments	4,772	1,004	5,776
Benefits-in-kind	118	25	143
	5,310	1,526	6,836

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the Notes 29 and 34 to the financial statements of the Group or of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

CONT'D

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE COST

The Directors and Officers of the Group and of the Company are covered by the Directors' and Officers' Liability Insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM59,410.

There was no indemnity given to, or insurance effected for the Auditors of the Company during the financial year.

DIRECTORS' REPORT

CONT'D

AUDITORS

The Auditors' remuneration is disclosed in Note 27 to the financial statements.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

.....
DATO' AZAMAN BIN ABU BAKAR
Director

.....
DATUK WIRA LIM CHIUN CHEONG
Director

7 April 2026

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 143 to 213 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

.....
DATO' AZAMAN BIN ABU BAKAR
7 April 2026

.....
DATUK WIRA LIM CHIUN CHEONG

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Dato' Azaman Bin Abu Bakar, being the Director primarily responsible for the financial management of Muda Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 143 to 213, to the best of my knowledge and belief are correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory on
7 April 2026

)
)
)
).....
DATO' AZAMAN BIN ABU BAKAR

Before me:

MOHD OMAR NATHAN BIN ABDULLAH (W924)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUDA HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Muda Holdings Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 143 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year.

These matters were addressed in the context of our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory valuation

The risk

Referring to Note 9 to the financial statements, the Group holds inventories that amounted to RM289.6 million as at the reporting date which is subject to a risk that the inventories become slow moving or obsolete and rendering it not saleable or can only be sold at selling prices that are less than the carrying value. There is inherent subjectivity and estimation involved by the management in determining the accuracy of inventories obsolescence and in making an assessment of its adequacy due to risks of inventories not stated at the lower of cost and net realisable value.

Our response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historical data used in estimating the provisions. In doing so, we obtained an understanding on the ageing profile of inventories, the process for identifying specific problem inventories, historical loss rates and the latest selling price of inventories.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUDA HOLDINGS BERHAD

CONT'D

Key Audit Matters (Cont'd)

Impairment on doubtful receivables

The risk

Referring to Note 10 to the financial statements, the Group has significant trade receivables that amounted to RM223.3 million as at the reporting date and is subject to credit risk exposures. We focus on this area as deriving the expected credit losses of receivables involves management's judgement and estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information.

Our response

We have obtained an understanding of the Group's control over the trade receivables' collection process, how the Group identifies and assesses the loss allowance of trade receivables and how the Group makes the accounting estimates for loss allowance.

We have reviewed and challenged the management's assumptions in the application of the Group's policy for calculating the expected credit loss, considered the ageing of the trade receivables and testing the reliability thereon. In doing so, we have evaluated techniques and methodology applied for the expected credit loss approach and assessed the estimated future cash inflows by examining the historical collection records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUDA HOLDINGS BERHAD

CONT'D

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUDA HOLDINGS BERHAD

CONT'D

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

ALEX KINGSLEY CHUA
(NO: 03629/12/2027 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
7 April 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	1,673,251	1,516,500	22,738	21,333
Investment properties	4	14,367	7,140	–	–
Investment in subsidiaries	5	–	–	310,887	264,887
Investment in associates	6	82	722	*	*
Intangible assets	7	15,965	16,238	–	–
Deferred tax assets	8	1,101	1,524	335	783
Amount due from subsidiaries	5.2	–	–	2,197	4,395
Total non-current assets		1,704,766	1,542,124	336,157	291,398
Current assets					
Inventories	9	289,597	334,913	–	–
Trade receivables	10	223,326	227,913	–	–
Other receivables	11	30,401	42,213	432	389
Amount due from subsidiaries	5.2	–	–	9,902	33,101
Amount due from associates	6.2	840	1,304	840	860
Short-term investment	12	6,107	5,926	6,107	5,926
Derivative financial instruments	24	–	243	–	–
Tax recoverable		5,272	12,152	575	574
Cash and bank balances, deposits and short-term placements	13	109,897	128,000	2,730	9,812
Assets classified as held for sale	14	665,440 13,343	752,664 12,706	20,586 –	50,662 –
Total current assets		678,783	765,370	20,586	50,662
TOTAL ASSETS		2,383,549	2,307,494	356,743	342,060
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the Company					
Share capital	15	159,471	159,471	159,471	159,471
Reserves	16	560,836	426,853	18,490	16,999
Retained earnings	17	544,034	595,765	161,261	151,313
Total equity attributable to owners of the Company		1,264,341	1,182,089	339,222	327,783
Non-controlling interests		40,536	43,057	–	–
Total equity		1,304,877	1,225,146	339,222	327,783

* Less than RM1,000

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

CONT'D

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Borrowings	18	123,239	97,726	–	–
Lease liabilities	19	21,219	22,783	335	656
Provision for retirement benefit	20	72,715	71,641	12,012	11,180
Government grants	21	12,419	14,324	–	–
Deferred tax liabilities	8	76,550	73,230	–	–
Total non-current liabilities		306,142	279,704	12,347	11,836
Current liabilities					
Trade payables	22	48,774	56,760	–	–
Other payables	23	102,979	116,591	1,827	2,040
Amount due to subsidiaries	5.2	–	–	3,026	19
Derivative financial instruments	24	8	–	–	–
Borrowings	18	601,943	612,737	–	–
Lease liabilities	19	15,230	13,320	321	382
Government grants	21	1,905	1,905	–	–
Tax payable		1,691	1,331	–	–
Total current liabilities		772,530	802,644	5,174	2,441
TOTAL LIABILITIES		1,078,672	1,082,348	17,521	14,277
TOTAL EQUITY AND LIABILITIES		2,383,549	2,307,494	356,743	342,060

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	25	1,433,347	1,453,784	25,791	26,958
Cost of sales		(1,275,459)	(1,285,719)	–	–
Gross profit		157,888	168,065	25,791	26,958
Other income		17,176	9,484	328	650
Distribution expenses		(114,443)	(115,793)	–	–
Administration expenses		(81,283)	(82,967)	(11,678)	(11,621)
Net reversal of impairment loss on financial assets		855	165	–	–
Other expenses		(9,357)	(11,704)	(3)	(8)
Finance income		660	1,311	1,453	300
Finance costs	26	(33,123)	(32,717)	(44)	(31)
Share of results of associates		(454)	(846)	–	–
(Loss)/Profit before tax	27	(62,081)	(65,002)	15,847	16,248
Tax income/(expense)	30	16,360	17,135	(62)	462
(Loss)/Profit for the financial year		(45,721)	(47,867)	15,785	16,710
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		166,275	–	2,309	–
Remeasurement of defined benefit liability		–	(7,732)	–	(1,024)
Tax relating to item that will not be reclassified to profit or loss		(24,735)	1,678	(554)	246
		141,540	(6,054)	1,755	(778)
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(5,713)	(9,182)	–	–
		(5,713)	(9,182)	–	–
Other comprehensive income/(loss) for the financial year, net of tax		135,827	(15,236)	1,755	(778)
Total comprehensive income/(loss) for the financial year		90,106	(63,103)	17,540	15,932

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(Loss)/Profit attributable to:-					
Owners of the Company		(48,658)	(50,523)	15,785	16,710
Non-controlling interests		2,937	2,656	–	–
		(45,721)	(47,867)	15,785	16,710
Total comprehensive income/ (loss) attributable to:-					
Owners of the Company		88,353	(63,785)	17,540	15,932
Non-controlling interests		1,753	682	–	–
Total comprehensive income/(loss) for the financial year		90,106	(63,103)	17,540	15,932
Loss per share attributable to owners of the Company					
Loss per share					
- basic (sen)	31	(15.95)	(16.56)		
- diluted (sen)	31	(15.95)	(16.56)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Note	Attributable to owners of the Company				Total equity RM'000	
	Share capital RM'000	Non-Distributable Exchange fluctuation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000		Non- controlling interests RM'000
Group						
Balance at 1 January 2024	159,471	32,773	409,984	652,798	45,131	1,300,157
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(3,551)	3,551	-	-
Realisation of revaluation reserve upon disposal of revalued assets	-	-	(5,068)	5,068	-	-
(Loss)/Profit for the financial year	-	-	-	(50,523)	2,656	(47,867)
Other comprehensive loss for the financial year	-	(7,285)	-	(5,977)	(1,974)	(15,236)
Total comprehensive (loss)/income for the financial year	-	(7,285)	-	(56,500)	682	(63,103)
Transactions with owners:-						
First and final single tier dividend of 3.0 sen per share	-	-	-	(9,152)	-	(9,152)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(2,756)	(2,756)
Total transactions with owners of the Company	-	-	-	(9,152)	(2,756)	(11,908)
Balance at 31 December 2024	159,471	25,488	401,365	595,765	43,057	1,225,146

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

Note	Attributable to owners of the Company		Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-Distributable Exchange fluctuation reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000		
Group (Cont'd)						
Balance at 1 January 2025	159,471	25,488	401,365	595,765	43,057	1,225,146
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(814)	814	-	-
Realisation of revaluation reserve upon disposal of revalued assets	-	-	(2,214)	2,214	-	-
(Loss)/Profit for the financial year	-	-	-	(48,658)	2,937	(45,721)
Other comprehensive (loss)/income for the financial year	-	(4,431)	141,442	-	(1,184)	135,827
Total comprehensive (loss)/income for the financial year	-	(4,431)	141,442	(48,658)	1,753	90,106
Transactions with owners:-						
First and final single tier dividend of 2.0 sen per share	-	-	-	(6,101)	-	(6,101)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(4,274)	(4,274)
Total transactions with owners of the Company	-	-	-	(6,101)	(4,274)	(10,375)
Balance at 31 December 2025	159,471	21,057	539,779	544,034	40,536	1,304,877

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

	Note	← Attributable to owners of the Company →			Total RM'000
		← Non-distributable → Share capital RM'000	Revaluation reserve RM'000	Distributable Retained earnings RM'000	
Company					
Balance at 1 January 2024		159,471	17,261	144,271	321,003
Realisation of revaluation reserve upon depreciation of revalued assets		–	(262)	262	–
Profit for the financial year		–	–	16,710	16,710
Other comprehensive loss for the financial year		–	–	(778)	(778)
Total comprehensive income for the financial year		–	–	15,932	15,932
Transaction with owners:-					
First and final single tier dividend of 3.0 sen per share	32	–	–	(9,152)	(9,152)
Balance at 31 December 2024		159,471	16,999	151,313	327,783
Realisation of revaluation reserve upon depreciation of revalued assets		–	(264)	264	–
Profit for the financial year		–	–	15,785	15,785
Other comprehensive income for the financial year		–	1,755	–	1,755
Total comprehensive income for the financial year		–	1,755	15,785	17,540
Transaction with owners:-					
First and final single tier dividend of 2.0 sen per share	32	–	–	(6,101)	(6,101)
Balance at 31 December 2025		159,471	18,490	161,261	339,222

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
OPERATING ACTIVITIES					
(Loss)/Profit before tax		(62,081)	(65,002)	15,847	16,248
Adjustments for:-					
Bad debts written off		419	147	-	-
Depreciation of property, plant and equipment		78,751	74,458	563	557
Depreciation of right-of-use assets		10,878	10,461	344	392
Fair value loss/(gain) on derivative financial instruments		251	(239)	-	-
Fair value gain on financial asset at fair value through profit or loss		(74)	(301)	(74)	(301)
Impairment loss on doubtful trade receivables					
- current		751	1,126	-	-
- no longer required		(1,605)	(1,367)	-	-
Impairment loss on other receivables					
- current		-	76	-	-
- no longer required		(1)	-	-	-
Impairment loss on investment in associates		182	-	-	-
Interest expenses		33,123	32,717	44	31
Inventories written off		511	187	-	-
Inventories written down		1,158	6,884	-	-
Property, plant and equipment written off		1,024	1,023	-	-
Provision for retirement benefit		5,863	6,520	832	405
Dividend income		(771)	(1,224)	(16,616)	(18,154)
Reversal of deficit on revaluation of property, plant and equipment		(1,469)	-	-	-
Fair value adjustments on investment properties		(3,368)	320	-	-
Loss/(Gain) on disposal of property, plant and equipment		253	(1,577)	-	(96)
Gain on disposal of investment properties		-	(350)	-	-
Gain on disposal of assets classified as held for sale		(5,257)	-	-	-
Interest income		(660)	(1,311)	(1,453)	(300)
Amortisation of government grants		(1,905)	(1,905)	-	-
Reversal of inventories written down		(198)	(101)	-	-
Share of results of associates		454	846	-	-
(Gain)/Loss on early termination of lease contracts		(22)	44	-	-
Unrealised loss/(gain) on foreign exchange		1,572	(429)	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Operating profit/(loss) before working capital changes		57,779	61,003	(513)	(1,218)
Changes in working capital:-					
Inventories		42,531	(6,970)	–	–
Receivables		14,235	2,689	(43)	(29)
Payables		(20,091)	8,479	(213)	(213)
Trade financing facilities		13,635	55,638	–	–
Subsidiaries		–	–	(17,595)	(22,912)
Associates		–	–	20	11
Cash generated from/(used in) operations		108,089	120,839	(18,344)	(24,361)
Retirement benefit paid		(4,789)	(5,039)	–	–
Interest paid		(27,452)	(27,069)	–	–
Interest received		660	1,311	1,453	300
Net tax refunded/(paid)		3,481	(5,183)	(170)	(60)
Net cash from/(used in) operating activities		79,989	84,859	(17,061)	(24,121)
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		2,748	2,449	–	162
Proceeds from disposal of investment properties		–	1,200	–	–
Purchase of property, plant and equipment	A	(86,218)	(75,028)	(3)	(422)
Proceeds from disposal of assets classified as held for sale		15,520	–	–	–
Dividend received		664	1,094	16,509	18,024
Net cash (used in)/from investing activities		(67,286)	(70,285)	16,506	17,764
FINANCING ACTIVITIES					
Dividend paid to owners of the Company		(6,101)	(9,152)	(6,101)	(9,152)
Dividends paid to non-controlling interests		(4,274)	(2,756)	–	–
Interest paid		(8,177)	(7,497)	(44)	(31)
Drawdown of borrowings		310,465	228,596	–	–
Repayments of borrowings		(302,584)	(265,100)	–	–
Drawdown of lease liabilities		4,607	–	–	–
Repayment of lease liabilities		(15,512)	(14,756)	(382)	(430)
Withdrawal/(Placement) of fixed deposit pledged		767	(1,591)	–	–
Net cash used in financing activities		(20,809)	(72,256)	(6,527)	(9,613)
CASH AND CASH EQUIVALENTS					
Net changes		(8,106)	(57,682)	(7,082)	(15,970)
Effect of exchange rate changes		(2,728)	(4,026)	–	–
Brought forward		89,049	150,757	9,812	25,782
Carried forward	C	78,215	89,049	2,730	9,812

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Total additions	100,576	88,523	3	968
Purchase through lease arrangements	(11,852)	(11,646)	–	(546)
Interest capitalised	(2,506)	(1,849)	–	–
Cash payment	86,218	75,028	3	422

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Payment relating to short-term leases	6,502	6,085	216	216
Payment relating to leases of low-value assets	373	358	–	–
Interest paid in relation to lease liabilities	2,266	2,261	34	31
Payment of lease liabilities	15,512	14,756	382	430
Total cash outflows for leases	24,653	23,460	632	677

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:–

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	92,802	92,507	1,065	1,071
Fixed deposits with licensed banks	7,864	15,944	–	–
Short-term placements with financial institutions	9,231	19,549	1,665	8,741
Bank overdrafts	(29,380)	(35,882)	–	–
Less: Fixed deposits pledged	80,517 (2,302)	92,118 (3,069)	2,730 –	9,812 –
	78,215	89,049	2,730	9,812

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

CONT'D

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Revolving credit RM'000	Term loans RM'000	Other borrowings RM'000
Group				
Balance at 1 January 2024	39,692	163,798	133,118	23,666
Additions	11,646	–	–	–
<u>Cash flows:-</u>				
Net (repayments)/drawdowns	(14,756)	(24,200)	(17,696)	5,392
<u>Non-cash changes</u>				
Early termination	(100)	–	–	–
Translation difference	(379)	173	(35)	–
Balance at 31 December 2024	36,103	139,771	115,387	29,058
Additions	11,852	–	–	–
<u>Cash flows:-</u>				
Net (repayments)/drawdowns	(10,905)	(27,832)	29,953	5,760
<u>Non-cash changes</u>				
Early termination	(402)	–	–	–
Translation difference	(199)	(211)	–	(84)
Balance at 31 December 2025	36,449	111,728	145,340	34,734
Company				
Balance at 1 January 2024	922	–	–	–
Additions	546	–	–	–
<u>Cash flows:-</u>				
Net repayments	(430)	–	–	–
Balance at 31 December 2024	1,038	–	–	–
<u>Cash flows:-</u>				
Net repayments	(382)	–	–	–
Balance at 31 December 2025	656	–	–	–

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. It is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates. The financial statements of the Company as at and for the financial year ended 31 December 2025 do not include any other entities.

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

The financial statements of the Group and of the Company for the financial year ended 31 December 2025 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 April 2026.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under historical cost convention, unless otherwise indicated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.2 Basis of measurement (Cont'd)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The management oversees all the significant fair value measurements and regularly reviews the significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

As at 31 December 2025, the Group had net current liabilities of RM93,747,000. The Group incurred a loss of RM45,721,000 for the financial year ended 31 December 2025 in which may indicate events or conditions that may cast doubt on going concern of the Group. Nevertheless, the Group also had positive shareholders' equity of RM1,304,877,000 as at 31 December 2025 and generated operating cash inflows of RM79,989,000 for the financial year ended 31 December 2025.

The Group believes that it will continue to enjoy the existing credit facilities granted by the banks as it has not defaulted on any repayment obligations for the financial year. Together with that, the Group was able to generate net operating cash inflows for the financial year ended 31 December 2025. In view thereof and barring any unforeseen circumstances, management believes that with the existing credit lines granted by the banks and the current outlook of its business environment, the Group will be continuing to generate sufficient cash flow to meet its obligations and working capital needs for the next financial year.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group on a going concern basis and accordingly the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of the liabilities that may be necessary should the Group be unable to continue as a going concern.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all financial information is presented in RM and has been rounded to the nearest thousand unless otherwise stated. Financial statements of foreign subsidiaries with functional currencies other than RM are translated into RM when preparing the financial statements of the Group.

2.4 MFRSs**2.4.1 Adoption of new or revised MFRSs**

The Group and the Company have applied the following amendments to published standards approved by Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 – *The Effects of Changes in Foreign Exchange Rates*

The adoption of the above amendments to published standards did not have any material impact on the current and prior year financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.4 MFRSs (Cont'd)****2.4.2 Standards issued but not yet effective**

The following are MFRSs and amendments to MFRSs with effective dates on or after 1 January 2026 issued by MASB and they have not been early adopted by the Group and the Company. The Group and the Company intend to adopt these amendments to the published standards, if applicable, when they become effective.

(a) MFRS and amendments effective for financial year beginning on or after 1 January 2026

- Amendments to MFRS 7 – *Financial Instruments*
- Amendments to MFRS 9 – *Financial Instruments*
- Annual Improvements to MFRS Accounting Standards – Volume 11
 - Amendments to MFRS 1 – *First-time Adoption of Malaysia Financial Reporting Standards*
 - Amendments to MFRS 7 – *Financial Instruments*
 - Amendments to MFRS 9 – *Financial Instruments*
 - Amendments to MFRS 10 – *Consolidated Financial Statements*
 - Amendments to MFRS 107 – *Statement of Cash Flows*

(b) MFRS and amendments effective for financial year beginning on or after 1 January 2027

- MFRS 18 – *Presentation and Disclosure in Financial Statements*
- MFRS 19 and amendments to MFRS 19 – *Subsidiaries without Public Accountability*
- Amendments to MFRS 121 – *The Effects of Changes in Foreign Exchange Rates*

(c) Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 – *Consolidated Financial Statements*
- Amendments to MFRS 128 – *Investments in Associates and Joint Ventures*

The initial application of the MFRSs and amendments to the published standards are not expected to have any material impact on the financial statements of the Group and of the Company.

2.5 Significant accounting estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements except for the following:-

2.5.1 Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subject to technological development and level of usage. Therefore, residual values of these assets and future depreciation charges may vary.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant accounting estimates and judgements (Cont'd)****2.5.2 Valuation of property, plant and equipment and investment properties**

The Group and the Company measure their land and buildings (under property, plant and equipment) and investment properties at revalued amount with changes in fair value being recognised in other comprehensive income and in profit or loss respectively. The Group and the Company engaged independent valuation specialists to determine fair values with sufficient regularity to ensure that the carrying amount or closing balance does not differ materially from the fair value of the land and buildings and investment properties at the reporting date.

The carrying amount or closing balance of the land and buildings and investment properties at the end of the reporting period, the relevant revaluation bases and information regarding the valuation techniques and inputs used in determining the fair value are disclosed in Notes 3, 4 and 36 to the financial statements.

2.5.3 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present values of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. These estimates are most relevant to goodwill recognised by the Group.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 7 to the financial statements.

2.5.4 Provision for expected credit losses ("ECLs") for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. On each quarterly reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant accounting estimates and judgements (Cont'd)****2.5.5 Fair value measurement of financial instruments**

Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of financial asset or financial liability, the Group and the Company use market-observable data to the extent it is available. The management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the financial assets and financial liabilities. Where Level 1 inputs are not available, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

Information about the valuation techniques and inputs used in determining the fair value of various financial assets and financial liabilities are disclosed in the Note 36 to the financial statements.

2.5.6 Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.5.7 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed business losses, unabsorbed capital allowances and unabsorbed reinvestment allowances to the extent that it is probable that taxable profit will be available against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.5.8 Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management considers the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2.5.9 Defined benefit plan

The defined benefit liability is determined based on an actuarial valuation. An actuarial valuation involves making various assumptions regarding the discount rate, future salary growth and attrition rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. Further details of the assumptions used are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant accounting estimates and judgements (Cont'd)****2.5.10 Leases - Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

2.5.11 Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The Group includes the renewal period as part of the lease term for such leases.

The Group typically exercises its option to renew for leases with renewal option.

2.5.12 Climate-related matters

The potential impact of climate-related matters has been considered in the preparation of financial statements, including environmental legislation and commitments made by the Group and the Company which may affect the value of financial assets and financial liabilities.

The Directors estimate that there is no potential adverse impact of climate-related matters on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in- progress RM'000	Total RM'000
Cost or valuation								
At 1.1.2024								
- cost	49,851	10,265	61,689	1,344,513	54,856	52,523	99,221	1,672,918
- valuation	343,302	193,730	361,681	-	-	-	-	898,713
	393,153	203,995	423,370	1,344,513	54,856	52,523	99,221	2,571,631
Additions	34	-	1,808	7,346	5,058	2,724	71,553	88,523
Reclassification	-	-	11,950	56,393	86	101	(68,530)	-
Transfer to assets classified as held for sale	-	(8,690)	(4,590)	-	-	-	-	(13,280)
Disposals	-	-	-	(2,169)	(4,214)	(69)	-	(6,452)
Written off	-	-	(994)	(21,613)	(269)	(772)	-	(23,648)
Early termination and expiration of lease contracts	-	-	(696)	(57)	(1,514)	-	-	(2,267)
Translation difference	-	(603)	(3,080)	(895)	(122)	(661)	-	(5,361)
At 31.12.2024	393,187	194,702	427,768	1,383,518	53,881	53,846	102,244	2,609,146
Representing								
- cost	49,885	972	66,087	1,383,518	53,881	53,846	102,244	1,710,433
- valuation	343,302	193,730	361,681	-	-	-	-	898,713
	393,187	194,702	427,768	1,383,518	53,881	53,846	102,244	2,609,146
Additions	170	178	1,892	9,963	3,647	1,717	83,009	100,576
Revaluation	108,606	15,025	(12,275)	-	-	-	-	111,356
Reclassification	14,170	(3,850)	(9,871)	45,348	-	1,541	(47,338)	-
Transfer to assets classified as held for sale	(10,900)	-	-	-	-	-	-	(10,900)
Transfer to investment properties	(3,859)	-	-	-	-	-	-	(3,859)
Disposals	-	-	-	(9,475)	(1,838)	(97)	-	(11,410)
Written off	-	-	-	(12,368)	(520)	(490)	(163)	(13,541)
Early termination and expiration of lease contracts	-	-	(848)	(508)	(4,760)	(1,042)	-	(7,158)
Translation difference	(308)	(1,128)	(2,599)	(5,907)	(219)	(502)	-	(10,663)
At 31.12.2025	501,066	204,927	404,067	1,410,571	50,191	54,973	137,752	2,763,547

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

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

Group (Cont'd)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in- progress RM'000	Total RM'000
Cost or valuation (Cont'd)								
Representing								
- cost	-	-	13,043	1,410,571	50,191	54,973	137,752	1,666,530
- valuation	501,066	204,927	391,024	-	-	-	-	1,097,017
At 31.12.2025	501,066	204,927	404,067	1,410,571	50,191	54,973	137,752	2,763,547
Accumulated depreciation								
At 1.1.2024	-	9,683	24,507	911,213	42,028	37,594	-	1,025,025
Charge for the financial year	-	4,121	13,473	58,001	5,517	3,807	-	84,919
Transfer to assets classified as held for sale	-	(847)	(397)	-	-	-	-	(1,244)
Disposals	-	-	-	(1,807)	(3,714)	(59)	-	(5,580)
Written off	-	-	(77)	(21,557)	(239)	(752)	-	(22,625)
Early termination and expiration of lease contracts	-	-	(707)	(57)	(1,359)	-	-	(2,123)
Translation difference	-	(79)	(262)	(777)	(94)	(521)	-	(1,733)
At 31.12.2024	-	12,878	36,537	945,016	42,139	40,069	-	1,076,639
Charge for the financial year	-	4,035	13,708	63,310	4,814	3,762	-	89,629
Revaluation	-	(16,536)	(39,852)	-	-	-	-	(56,388)
Disposals	-	-	-	(6,507)	(1,808)	(94)	-	(8,409)
Written off	-	-	-	(11,555)	(481)	(481)	-	(12,517)
Early termination and expiration of lease contracts	-	-	(792)	(294)	(4,650)	(1,042)	-	(6,778)
Translation difference	-	(209)	(1,696)	(5,363)	(204)	(415)	-	(7,887)
At 31.12.2025	-	168	7,905	984,607	39,810	41,799	-	1,074,289
Accumulated impairment loss								
At 1.1.2024/31.12.2024/31.12.2025	-	-	-	404	-	-	15,603	16,007
Net carrying amount								
At 31.12.2024	393,187	181,824	391,231	438,098	11,742	13,777	86,641	1,516,500
At 31.12.2025	501,066	204,759	396,162	425,560	10,381	13,174	122,149	1,673,251

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

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

Company	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost or valuation						
At 1.1.2024						
- cost	-	-	329	2,289	808	3,426
- valuation	17,720	3,370	-	-	-	21,090
	17,720	3,370	329	2,289	808	24,516
Additions	-	-	202	747	19	968
Disposal	-	-	-	(497)	-	(497)
At 31.12.2024	17,720	3,370	531	2,539	827	24,987
Representing						
- cost	-	-	531	2,539	827	3,897
- valuation	17,720	3,370	-	-	-	21,090
	17,720	3,370	531	2,539	827	24,987
Additions	-	-	-	-	3	3
Revaluation	680	(170)	-	-	-	510
Written off	-	-	-	-	(91)	(91)
At 31.12.2025	18,400	3,200	531	2,539	739	25,409
Representing						
- cost	-	-	531	2,539	739	3,809
- valuation	18,400	3,200	-	-	-	21,600
At 31.12.2025	18,400	3,200	531	2,539	739	25,409
Accumulated depreciation						
At 1.1.2024	782	189	297	1,292	576	3,136
Charge for the financial year	347	85	13	447	57	949
Disposal	-	-	-	(431)	-	(431)
At 31.12.2024	1,129	274	310	1,308	633	3,654
Charge for the financial year	351	83	19	399	55	907
Revaluation	(1,448)	(351)	-	-	-	(1,799)
Written off	-	-	-	-	(91)	(91)
At 31.12.2025	32	6	329	1,707	597	2,671
Net carrying amount						
At 31.12.2024	16,591	3,096	221	1,231	194	21,333
At 31.12.2025	18,368	3,194	202	832	142	22,738

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

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

The Group's and the Company's land and buildings are measured at revalued amounts, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's and of the Company's land and buildings were performed by independent professional valuers with appropriate recognised professional qualifications and recent experience in the location and category of property valued in the financial year 2025. The fair value of land was determined based on the comparison approach and fair value of buildings was determined using the depreciated replacement cost and comparison approach. There is no change to the valuation technique.

The Group's building with net carrying amount of RM6,596,000 (2024: RM17,188,000) have been pledged by a foreign subsidiary as security for banking facilities.

Included in the property, plant and equipment is interest capitalised amounted to RM2,506,000 (2024: RM1,849,000) with interest rate ranging from 4.49% to 4.81% (2024: 5.04% to 5.70%) per annum.

Included in the net carrying amount of property, plant and equipment is capital work-in-progress as follows:-

	Group	
	2025 RM'000	2024 RM'000
Land and buildings	26,786	16,063
Plant, machinery and others	95,363	70,578
	122,149	86,641

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Buildings	9,444	11,613	-	-
Equipment, tools, plant and machinery	38,180	29,333	-	-
Motor vehicles	7,568	8,788	729	1,073
Furniture, fittings and others	764	17	-	-
	55,956	49,751	729	1,073

Additions to the right-of-use assets of the Group and of the Company during the financial year amounted to RM11,273,000 (2024: RM13,676,000) and Nil (2024: RM590,000) respectively.

Depreciation charge of right-of-use assets are as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Buildings	3,530	3,387	-	-
Equipment, tools, plant and machinery	3,928	3,084	-	-
Motor vehicles	3,268	3,782	344	392
Furniture, fittings and others	152	208	-	-
	10,878	10,461	344	392

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Material accounting policy information****(a) Recognition and measurement**Property, plant and equipment

All property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment loss recognised after the date of the revaluation. Valuations are performed with sufficient regularity (i.e., every 4 years and at shorter intervals), to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in the equity on disposal of the asset is transferred to other comprehensive income.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the Company.

(c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction or capital work-in-progress are not depreciated until the assets are ready for their intended use. Right-of-use assets are depreciated on a straight-line basis over the earlier of their estimated useful lives or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Material accounting policy information (Cont'd)****(c) Depreciation (Cont'd)**

The estimated useful lives for the current and comparative periods are as follows:

Property, plant and equipment

Leasehold land	Over the term of lease ranging from 31 to 95 years
Buildings	24 to 58 years
Equipment, tools, plant and machinery	2 to 20 years
Motor vehicles	5 to 7 years
Furniture, fittings and others	5 to 10 years

Right-of-use assets

Leasehold land	3 years
Buildings	2 to 6 years
Equipment, tools, plant and machinery	3 to 13 years
Motor vehicles	3 to 7 years
Furniture, fittings and others	5 years

4. INVESTMENT PROPERTIES

	Group	
	2025 RM'000	2024 RM'000
Fair value:-		
At 1.1	7,140	8,980
Fair value adjustments	3,368	(320)
Disposal	-	(850)
Transfer to assets classified as held for sale	-	(670)
Transfer from property, plant and equipment	3,859	-
At 31.12	14,367	7,140

Investment properties comprise freehold commercial property, freehold land, leasehold land and buildings leased to third parties.

The fair value of investment properties are determined by external independent professional valuers with recent experience in the location and category of property being valued. The fair value of the investment properties are determined once a year based on the comparison approach and depreciated replacement cost approach.

Fair value of investment properties consists of:-

	Group	
	2025 RM'000	2024 RM'000
Buildings	2,240	2,440
Land	12,127	4,700
	14,367	7,140

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

4. INVESTMENT PROPERTIES (CONT'D)

The following are recognised in profit or loss in respect of investment properties:-

	Group	
	2025 RM'000	2024 RM'000
Rental income from operating leases	642	491
Direct operating expenses		
- income generating investment properties	(34)	(147)
- non-income generating investment properties	(108)	(75)
Fair value adjustments recognised in other (income)/expenses	(3,368)	320

The investment properties are leased to tenants under operating leases with rentals receivable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:-

	Group	
	2025 RM'000	2024 RM'000
Within 1 year	637	619
Between 1 to 5 years	411	2,112
Later than 5 years	54	352
	1,102	3,083

Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

5. SUBSIDIARIES

Investment in subsidiaries:-

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares		
- at cost	285,535	239,535
- at valuation	55,633	55,633
	341,168	295,168
Less: Allowance for impairment loss	(30,281)	(30,281)
	310,887	264,887

On 1 December 2025, the Directors approved for the Company to subscribe for an additional 92,000,000 newly issued shares of Muda Paper Mills Sdn. Bhd. through capitalisation of RM46,000,000 due from Muda Paper Mills Sdn. Bhd.

The shares were issued by Muda Paper Mills Sdn. Bhd. to the Company on 5 March 2026.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. SUBSIDIARIES (CONT'D)

Details of the Level 3 fair value method used in obtaining the recoverable amounts assessed through fair value less cost to sell calculations are as follows:-

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity by reference to the fair value of its assets and liabilities	Fair value of individual assets and liabilities	The higher the net assets, the higher the fair value

Details of subsidiaries are as follows:-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting rights held by the Group	
			2025 %	2024 %
Central Malaya Paper Sdn. Bhd.	Trading of waste paper and investment holding	Malaysia	100	100
CMP Resources Sdn. Bhd.	Property holding	Malaysia	100	100
Federal Packages Sdn. Bhd.	Manufacture and sale of paper cartons and paper related products	Malaysia	100	100
Intra-Muda Holdings Sdn. Bhd.	Investment holding and commission agent	Malaysia	100	100
Intrapac Trading (M) Sdn. Bhd.	Trading of paper products and acting as commission agent	Malaysia	100	100
K F Paper Products (Melaka) Sdn. Bhd.	Manufacture and sale of board sheets and paper related products	Malaysia	100	100
Kajang Paper Mills Sdn. Bhd.	Investment holding	Malaysia	100	100
Kotak Malaysia Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Kotak Malaysia (KOM) Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
MC Pack (Malaysia) Sdn. Bhd.	Manufacture and sale of paper packaging products	Malaysia	65	65
Muda Global Engineering Sdn. Bhd.	Engineering and fabrication services	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows (Cont'd):-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting rights held by the Group	
			2025 %	2024 %
Muda Land Development Sdn. Bhd.	Property holding	Malaysia	100	100
Muda Management Services Sdn. Bhd.	Management consultancy and general insurance agency	Malaysia	100	100
Muda Packaging Industries Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
Muda Paper Converting Sdn. Bhd.	Converting and sale of paper stationery and paper-based food packaging products	Malaysia	100	100
Muda Paper Mills Sdn. Bhd.	Manufacture and sale of paper and paper related products	Malaysia	100	100
Muda Pasifik Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
Quantum Total Packages Sdn. Bhd.	Manufacture and trading of printing materials	Malaysia	60	60
RJ & R Holdings Sdn. Bhd.	Property holding	Malaysia	100	100
Sea Paper Industries Sdn. Bhd.	Manufacture and sale of corrugated paper cartons	Malaysia	100	100
Intrapac (Singapore) Pte. Ltd.*	Trading in paper products, commission agent and investment holding	Singapore	70	70
Ee Sin Paper Products Pte. Ltd.*	Trading in school books, uniforms and stationery	Singapore	67	67
ESPP Sdn. Bhd.	Trading in school books, uniforms and stationery	Malaysia	67	67
Pacific Bookstores Pte. Ltd.*	Operator of schools and online bookstores	Singapore	67	67
Lonsing Packaging Industries Pte. Ltd.*	Manufacture of packaging materials for food industry	Singapore	60	60

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows (Cont'd):-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting rights held by the Group	
			2025 %	2024 %
Wenfang Private Limited*	Import and distribution of stationery	Singapore	70	70
ESPP Viet Nam Company Limited #	Trading of paper and stationery	Vietnam	47	47
Intrapac (Australia) Pty. Ltd.*	Trading of paper and paper related products	Australia	100	100
Intrapac Investment Ltd.*	Investment holding	Hong Kong	100	100
Muda Packaging Industries (Qingyuan) Ltd.*	Manufacture and sale of corrugated cartons and paper related products	The People's Republic of China	100	100

* Subsidiaries not audited by Grant Thornton Malaysia PLT.

Subsidiary audited by affiliate of Grant Thornton Malaysia PLT.

Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

5.1 Details of non-wholly owned subsidiaries with material NCI

Non-wholly owned subsidiaries of the Group with material NCI are shown below:-

Intrapac (Singapore) Pte. Ltd. and its subsidiaries

	2025 RM'000	2024 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Profit allocated to NCI	1,584	1,530
Carrying amount of NCI	26,519	30,365

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. SUBSIDIARIES (CONT'D)

5.1 Details of non-wholly owned subsidiaries with material NCI (Cont'd)

Summarised financial information in respect of the above subsidiary with material NCI is set out below. The summarised financial information below is before intra-group eliminations.

	2025 RM'000	2024 RM'000
<u>Financial Position</u>		
Non-current assets	14,921	17,198
Current assets	97,772	110,956
Total assets	112,693	128,154
Non-current liabilities	(2,847)	(4,103)
Current liabilities	(28,308)	(30,386)
Total liabilities	(31,155)	(34,489)
Total equity	81,538	93,665
Equity attributable to owners of the Company	77,601	89,431
NCI	3,937	4,234
	81,538	93,665
<u>Profit or Loss/Total comprehensive income</u>		
Revenue	171,392	178,027
Profit for the financial year	4,741	4,396
Profit attributable to:		
Owners of the Company	4,510	4,094
NCI	231	302
	4,741	4,396
Total comprehensive income attributable to:		
Owners of the Company	4,515	4,084
NCI	226	302
	4,741	4,386
Dividends paid by Intrapac (Singapore) Pte. Ltd. to NCI	(3,789)	(1,973)
Dividends paid by subsidiaries of Intrapac (Singapore) Pte. Ltd. to NCI	(360)	(342)

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

5. SUBSIDIARIES (CONT'D)**5.1 Details of non-wholly owned subsidiaries with material NCI (Cont'd)**

Summarised financial information in respect of the above subsidiary with material NCI is set out below. The summarised financial information below is before intra-group eliminations. (Cont'd)

	2025 RM'000	2024 RM'000
<i>Cash flows</i>		
Net cash inflows from operating activities	6,798	13,874
Net cash inflows from investing activities	6,096	1,419
Net cash outflows from financing activities	(15,532)	(13,268)
Net (decrease)/increase in cash and cash equivalents	(2,638)	2,025

Material accounting policy informationAcquisition of subsidiary with non-controlling interests

The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

5.2 Amounts due from/(to) subsidiaries

Amounts due from subsidiaries are non-trade in nature, bear no interest, unsecured and repayable on demand except for advances of RM6,031,000 (2024: RM24,864,000) which are unsecured and bears interest at 4.0% (2024: 4.0%) per annum, of which RM1,500,000 (2024: RM18,000,000) is repayable on demand and RM4,531,000 (2024: RM6,864,000) is repayable by monthly instalments.

Amounts due to subsidiaries are non-trade in nature, bear no interest, unsecured and repayable on demand except for advances of RM3,000,000 (2024: Nil) which are unsecured, bears interest at 4.0% (2024: Nil) per annum and repayable on demand.

6. ASSOCIATES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted shares, at cost	718	718	88	88
Share of post-acquisition reserves	(555)	(101)	–	–
Translation difference	95	105	–	–
	258	722	88	88
Less: Allowance for impairment loss				
At 1.1	–	–	(88)	(88)
Charge for the financial year	(182)	–	–	–
Translation difference	6	–	–	–
At 31.12	(176)	–	(88)	(88)
	82	722	*	*

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

6. ASSOCIATES (CONT'D)

6.1 Details of associates

Details of associates at the end of the reporting period are as follows:-

Name of associates	Principal activities	Principal place of business	Proportion of effective ownership interest and voting rights held by the Group	
			2025 %	2024 %
Choice Impact Sdn. Bhd.	Property holding	Malaysia	49	49
Timly Enterprise Company LDA *	Trading in stationeries	Democratic Republic of Timor-Leste	27	27

* Associates not audited by Grant Thornton Malaysia PLT.

The summarised financial information for the associates has not been presented as the associates are immaterial to the Group.

Material accounting policy information

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses.

6.2 Amounts due from associates

Amounts due from associates of the Group and of the Company are non-trade in nature, unsecured, bear no interest and repayable on demand.

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intangible assets with finite life RM'000	Total RM'000
Cost			
At 1.1.2024	16,637	799	17,436
Translation difference	(399)	(44)	(443)
At 31.12.2024	16,238	755	16,993
Translation difference	(273)	(30)	(303)
At 31.12.2025	15,965	725	16,690

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

7. INTANGIBLE ASSETS (CONT'D)

Group (Cont'd)	Goodwill RM'000	Intangible assets with finite life RM'000	Total RM'000
Accumulated amortisation			
At 1.1.2024	–	799	799
Translation difference	–	(44)	(44)
At 31.12.2024	–	755	755
Translation difference	–	(30)	(30)
At 31.12.2025	–	725	725
Net carrying amount			
At 31.12.2024	16,238	–	16,238
At 31.12.2025	15,965	–	15,965

The aggregate carrying amounts of goodwill allocated to each unit are as follows:-

	2025 RM'000	2024 RM'000
Manufacturing	11,763	11,841
Trading	4,202	4,397
	15,965	16,238

The recoverable amount of goodwill arising from acquisition of the subsidiaries are determined based on a value-in-use calculation using profit projections approved by management covering a five-year period, revenue was projected at anticipated annual revenue growth of approximately 1.00% to 3.60% (2024: 1.50% to 8.00%) per annum and applying before tax discount rates ranging from 5.06% to 5.10% (2024: 5.70% to 12.10%). The other key assumption on which management has based its profit projections to undertake impairment testing is that the subsidiaries will be able to maintain its gross margins recorded during the current year under review as it will be able to pass on cost increases in products.

Material accounting policy information**(a) Recognition and measurement**

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deferred tax assets	1,101	1,524	335	783
Deferred tax liabilities	(76,550)	(73,230)	–	–
	(75,449)	(71,706)	335	783

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Group	Property, plant and equipment RM'000	Investment properties RM'000	Provision for retirement benefit RM'000	Unabsorbed business losses RM'000	Unabsorbed allowances RM'000	Unabsorbed capital reinvestment allowances RM'000	Others RM'000	Total RM'000
At 1.1.2024	(174,046)	(480)	14,024	10,024	35,808	17,087	2,893	(94,690)
(Charged)/Credited to profit or loss (Note 30)	2,050	(359)	1,377	9,055	5,919	2,334	752	21,128
Credited to other comprehensive income (Note 30)	-	-	1,678	-	-	-	-	1,678
Translation difference	221	-	-	-	-	-	(43)	178
At 31.12.2024	(171,775)	(839)	17,079	19,079	41,727	19,421	3,602	(71,706)
(Charged)/Credited to profit or loss (Note 30)	5,039	1,171	250	7,126	5,528	1,162	639	20,915
Credited to other comprehensive income (Note 30)	(24,735)	-	-	-	-	-	-	(24,735)
Translation difference	99	-	-	-	-	-	(22)	77
At 31.12.2025	(191,372)	332	17,329	26,205	47,255	20,583	4,219	(75,449)
Company								
At 1.1.2024	(3,981)	-	2,340	947	655	-	39	-
(Charged)/Credited to profit or loss (Note 30)	80	-	97	159	207	-	(6)	537
Credited to other comprehensive income (Note 30)	-	-	246	-	-	-	-	246
At 31.12.2024	(3,901)	-	2,683	1,106	862	-	33	783
Credited/(Charged) to profit or loss (Note 30)	72	-	200	(204)	33	-	5	106
Credited to other comprehensive income (Note 30)	(554)	-	-	-	-	-	-	(554)
At 31.12.2025	(4,383)	-	2,883	902	895	-	38	335

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross) for the Company and certain subsidiaries due to uncertainty of future taxable income of the subsidiaries. They are available for offset against future taxable profits of the Company and respective subsidiaries.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unabsorbed business losses	12,997	10,770	–	–
Unabsorbed capital allowances	1	1	–	–
Unabsorbed reinvestment allowances	1,005	34,017	–	–
Others	43	–	–	–
	14,046	44,788	–	–

Details of the unabsorbed business losses for subsidiaries are as follows:-

	2025			2024		
	RM'000	VND'000	Expiring year	RM'000	VND'000	Expiring year
Vietnam	1,067	6,760,682	2026 to 2030	1,184	5,999,633	2025 to 2029
Malaysia	11,930	–	2026 to 2036	9,586	–	2024 to 2028

The unabsorbed reinvestment allowances will be expiring in financial year 2031 under Malaysian tax legislation.

The unabsorbed capital allowances do not expire under Malaysian tax legislation.

Material accounting policy information

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the reporting date.

9. INVENTORIES

	Group	
	2025 RM'000	2024 RM'000
Raw materials	122,577	143,914
Consumables	43,014	42,391
Work-in-progress	7,703	7,168
Finished goods	115,589	138,893
Goods-in-transit	714	2,547
	289,597	334,913

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

9. INVENTORIES (CONT'D)

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,275,459,000 (2024: RM1,285,719,000).

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

10. TRADE RECEIVABLES

	Group	
	2025 RM'000	2024 RM'000
Trade receivables	225,687	231,355
Less: Allowances for impairment loss	(2,361)	(3,442)
	223,326	227,913

10.1 Normal trade credit terms granted to customers range from cash term to 120 days (2024: cash term to 120 days). Trade receivables are recognised at invoice amounts and they are non-interest bearing.

Included in trade receivables is an amount of RM346,000 (2024: RM288,000) due from subsidiaries of Asia File Corporation Bhd., a major shareholder of the Company. The said amount is unsecured, bear no interest and subject to normal trade term.

10.2 Currency exposure profile of trade receivables other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	25,507	31,857
Australia Dollar	2,065	2,497
Singapore Dollar	3,549	4,464

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

10. TRADE RECEIVABLES (CONT'D)

10.3 An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The following table provides information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	Current RM'000	Days past due				Total RM'000
		1 to 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	More than 90 days RM'000	
<u>2025</u>						
Expected credit loss rate	0%-2.0%	0%-2.9%	0%-3.9%	0%-100%	0%-100%	
Gross carrying amount	178,119	33,486	10,102	1,387	2,593	225,687
Expected credit loss	833	247	70	257	954	2,361
<u>2024</u>						
Expected credit loss rate	0% - 1.7%	0% - 6.1%	0% - 7.0%	0% - 7.2%	0% - 100%	
Gross carrying amount	177,651	38,264	10,562	2,110	2,768	231,355
Expected credit loss	632	543	255	233	1,779	3,442

10.4 The movements in the allowance for impairment in respect of trade receivables are as follows:-

	Group	
	2025 RM'000	2024 RM'000
At 1.1	3,442	3,895
Charge for the financial year	751	1,126
Reversal of impairment losses	(1,605)	(1,367)
Written off	(222)	(185)
Translation difference	(5)	(27)
At 31.12	2,361	3,442

10.5 Information on financial risk of trade receivables are disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

11. OTHER RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits	19,535	29,943	62	62
Less: Allowances for impairment loss	(136)	(137)	-	-
	19,399	29,806	62	62
Non-trade receivables	2,878	3,125	92	92
Prepayments	8,043	9,137	278	235
Goods and Services Tax recoverable	81	145	-	-
	30,401	42,213	432	389

11.1 Included in deposits of the Group are deposits for purchase of inventories and property, plant and equipment amounting to RM13,558,000 (2024: RM16,918,000).

11.2 Impairment

The movement in the allowance in respect for impairment of other receivables are as follows:-

	Group	
	2025 RM'000	2024 RM'000
At 1.1	137	61
(Reversal)/Charge for the financial year	(1)	76
At 31.12	136	137

11.3 Currency exposure profile of other receivables other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	2,495	6,147
Singapore Dollar	22	23

12. SHORT TERM INVESTMENT

	Group and Company	
	2025 RM'000	2024 RM'000
At FVTPL:-		
Quoted investment in Malaysia	6,107	5,926

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

13. CASH AND BANK BALANCES, DEPOSITS AND SHORT-TERM PLACEMENTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	92,802	92,507	1,065	1,071
Fixed deposits with licensed banks	7,864	15,944	–	–
Short-term placements with financial institutions	9,231	19,549	1,665	8,741
	109,897	128,000	2,730	9,812

Fixed deposits with licensed banks amounting to RM2,302,000 (2024: RM3,069,000) of certain subsidiaries are pledged as security for banking facilities, and hence are not available for general use.

Fixed deposits with licensed banks earned interest ranging from 0.50% to 2.40% (2024: 0.35% to 3.55%) per annum.

Currency exposure profile of cash and bank balances, deposits and short-term placements other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	12,701	5,296
Australia Dollar	1,820	1,916
Singapore Dollar	2,146	1,933

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Freehold land RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Total RM'000
Group				
At 1.1.2024	–	–	–	–
Transfer from property, plant and equipment	–	7,843	4,193	12,036
Transfer from investment properties	–	480	190	670
At 31.12.2024	–	8,323	4,383	12,706
Transfer from property, plant and equipment	10,900	–	–	10,900
Disposal	–	(7,208)	(3,055)	(10,263)
At 31.12.2025	10,900	1,115	1,328	13,343

Transfer from property, plant and equipment

On 3 September 2024, the Group entered into a sales and purchase agreement with a third party to dispose certain leasehold land and buildings with carrying amount of RM2,443,000 as at 31 December 2024. This transaction was completed on 14 January 2026.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

14. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Transfer from property, plant and equipment (Cont'd)

On 23 September 2024, the management of the Group has agreed to dispose two pieces of leasehold land and buildings with carrying amount of RM6,355,000 as at 31 December 2024. The Company entered into the sales and purchase agreement on 8 October 2024 with a purchaser. The transaction was completed on 10 September 2025.

On 11 March 2025, the Group entered into a sales and purchase agreement with a third party to dispose certain leasehold land and buildings with carrying amount of RM3,238,000 as at 31 December 2024. This transaction was completed on 26 September 2025.

On 22 December 2025, the Group entered into a sales and purchase agreement with a third party to dispose the freehold land with carrying amount of RM10,900,000 as at 31 December 2025. This transaction was completed on 30 March 2026.

Transfer from investment properties

On 5 November 2024, the Group entered into a sales and purchase agreement with a third party to dispose the leasehold land and buildings with carrying amount of RM670,000 as at 31 December 2024. This transaction was completed on 16 January 2025.

15. SHARE CAPITAL

	2025 Number of ordinary shares ('000)	Group and Company	
		2024 2025 RM'000	2024 RM'000
Issued and fully paid-up with no par value	305,051	305,051	159,471

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. An ordinary share carries one vote per share without restrictions and ranks equally with regard to the Company's residual assets.

16. RESERVES

- Revaluation reserve consists of surplus from revaluation of properties.
- Exchange fluctuation reserve represents exchange differences arising from translation of financial statements of foreign operations whose functional currencies differ from the Group's presentation currency.
- Fair value reserve represents the cumulative fair value changes of financial assets designated at fair value through other comprehensive income until they are disposed or impaired.
- Other reserve consists of retained earnings capitalised as bonus shares by a subsidiary.

The above reserves are not available for distribution as dividends.

NOTES TO THE FINANCIAL STATEMENTS

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17. RETAINED EARNINGS

The entire retained earnings of the Company is available for distribution as dividends to its shareholders under the single tier system.

18. BORROWINGS

	Group	
	2025 RM'000	2024 RM'000
Current		
Unsecured:-		
Trade financing facilities	404,000	390,365
Revolving credit	97,132	119,043
Term loans	36,697	38,389
Bank overdrafts	29,380	35,882
Other borrowings*	34,734	29,058
	601,943	612,737
Non-current		
Unsecured:-		
Term loans	108,643	76,998
Revolving credit	14,596	20,728
	123,239	97,726
Total borrowings	725,182	710,463

* Other borrowings comprise trust receipts and flexi financing loan.

Unsecured borrowings of subsidiaries in the Group were obtained by way of negative pledge over the assets of the respective subsidiaries and corporate guarantee from the Company.

Interest on borrowings is charged at rates ranging from 1.00% to 8.15% (2024: 2.30% to 8.07%) per annum.

Term loans are repayable on monthly and quarterly basis.

Currency exposure profile of borrowings other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	–	23,284

NOTES TO THE FINANCIAL STATEMENTS

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19. LEASE LIABILITIES

19.1 Lease liabilities are presented in the statements of financial position as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Lease liabilities				
Current	15,230	13,320	321	382
Non-current	21,219	22,783	335	656
	36,449	36,103	656	1,038

19.2 Future minimum lease payments at year end are as follows:-

Group	← Minimum lease payments due →			Total RM'000
	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	
<u>2025</u>				
Lease payments	16,938	22,587	–	39,525
Finance charges	(1,708)	(1,368)	–	(3,076)
	15,230	21,219	–	36,449
<u>2024</u>				
Lease payments	15,002	24,293	–	39,295
Finance charges	(1,682)	(1,510)	–	(3,192)
	13,320	22,783	–	36,103
Company				
<u>2025</u>				
Lease payments		343	355	698
Finance charges		(22)	(20)	(42)
		321	335	656
<u>2024</u>				
Lease payments		416	698	1,114
Finance charges		(34)	(42)	(76)
		382	656	1,038

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

19. LEASE LIABILITIES (CONT'D)

19.3 Lease payments not recognised as a liability

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term leases				
- Cost of sales	6,076	5,680	-	-
- Administrative expenses	426	405	216	216
Leases of low value assets	373	358	-	-
	6,875	6,443	216	216

Material accounting policy information**(a) Lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company is a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

20. PROVISION FOR RETIREMENT BENEFIT

The defined benefit plan, provided by the Group and the Company to all eligible Malaysian Directors and employees, pays a lump sum benefit which are defined by salary and period of service to qualified Directors and employees upon their retirement. The defined benefit plan is unfunded, benefits are paid directly by the Group and the Company and all the participants are active participants.

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below:-

20.1 Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high-quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit liability. A decrease in market yield on high quality corporate bonds will increase the Group's and the Company's defined benefit liability.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

20. PROVISION FOR RETIREMENT BENEFIT (CONT'D)

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below (Cont'd):-

20.2 Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's and the Company's liability.

20.3 Movement in defined benefit plan

The following is the reconciliation of the Group's and of the Company's defined benefit liability presented in the statements of financial position for each reporting period:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1.1	71,641	62,428	11,180	9,751
Current service costs	4,301	3,239	369	150
Past service cost	(1,391)	167	–	–
Net interests	2,953	3,114	463	255
Benefit paid	(4,789)	(5,039)	–	–
Remeasurement effects recognised in other comprehensive loss				
- Plan experience	–	590	–	552
- Demographic assumptions	–	22	–	(2)
- Financial assumptions	–	7,120	–	474
At 31.12	72,715	71,641	12,012	11,180

20.4 Actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate and future salary growth.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remained constant.

Group	Core assumption %	Sensitivity analysis	Effect on defined benefit liability (decrease)/ increase RM'000	Effect on defined benefit liability (decrease)/ increase %
<u>2025</u>				
Discount rate	4.20%	1.0% increase	(5,744)	(8%)
		1.0% decrease	6,662	9%
Future salary growth	6.25%	1.0% increase	7,229	10%
		1.0% decrease	(6,347)	(9%)
<u>2024</u>				
Discount rate	4.20%	1.0% increase	(5,637)	(8%)
		1.0% decrease	6,535	9%
Future salary growth	6.25%	1.0% increase	6,336	9%
		1.0% decrease	(5,586)	(8%)

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

20. PROVISION FOR RETIREMENT BENEFIT (CONT'D)

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below (Cont'd):-

20.4 Actuarial assumptions (Cont'd)

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remained constant (Cont'd).

Company	Core assumption %	Sensitivity analysis	Effect on defined benefit liability (decrease)/increase RM'000	Effect on defined benefit liability (decrease)/increase %
<u>2025</u>				
Discount rate	4.20%	1.0% increase	(296)	(3%)
		1.0% decrease	315	3%
Future salary growth	6.25%	1.0% increase	419	4%
		1.0% decrease	(401)	(3%)
<u>2024</u>				
Discount rate	4.20%	1.0% increase	(373)	(3%)
		1.0% decrease	398	4%
Future salary growth	6.25%	1.0% increase	386	4%
		1.0% decrease	(370)	(3%)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the statements of financial position.

20.5 Defined benefit plan expenses

Amount recognised in profit or loss is as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Included in profit or loss				
Current service costs	4,301	3,239	369	150
Past service cost	(1,391)	167	-	-
Net interests	2,953	3,114	463	255
Total expenses recognised in profit or loss	5,863	6,520	832	405

20.6 Other information on the defined benefit plan

The weighted average duration of the defined benefit liability of the Group and of the Company is 9 years and 4 years (2024: 9 years and 4 years). The Group and the Company are expected to make benefit payment of RM4,898,000 and RM368,000 respectively in 2026 (2024: RM3,923,000 and RM326,000 respectively in 2025).

NOTES TO THE FINANCIAL STATEMENTS

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21. GOVERNMENT GRANTS

	Group	
	2025 RM'000	2024 RM'000
At 1.1	16,229	18,134
Amortised during the financial year	(1,905)	(1,905)
At 31.12	14,324	16,229
Analysed as:-		
Non-current	12,419	14,324
Later than one year but not later than two years	1,905	1,905
Later than two years but not later than five years	5,715	5,715
Later than five years	4,799	6,704
Current	1,905	1,905
At 31.12	14,324	16,229

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

Material accounting policy information

Government grants are not recognised until there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

22. TRADE PAYABLES

Currency exposure profile of trade payables other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	613	1,340

Normal trade credit terms granted by suppliers range from cash term to 90 days (2024: cash term to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

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23. OTHER PAYABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-trade payables	43,784	57,048	–	–
Deposits received	500	1,202	69	69
Accruals	54,084	53,622	1,758	1,971
Goods and Services Tax payable	2,505	2,919	–	–
Sales Tax payable	2,106	1,800	–	–
	102,979	116,591	1,827	2,040

Currency exposure profile of other payables other than functional currencies are as follows:-

	Group	
	2025 RM'000	2024 RM'000
United States Dollar	1,492	6,969
Australia Dollar	–	33
Singapore Dollar	991	2,067

24. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Current			
Forward currency contracts			
2025	1,431	–	8
2024	24,950	243	–

The Group uses forward currency contracts to manage transaction exposure and they have maturity period of less than 12 months.

These contracts are not designated as cash flow hedge or fair value hedge as they are not qualified for hedge accounting. The contract period is consistent with the currency transaction exposure and fair value changes exposure.

NOTES TO THE FINANCIAL STATEMENTS

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25. REVENUE

Revenue comprises the following:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contract with customers	1,432,965	1,452,808	9,175	8,804
Revenue from other sources				
- Dividend income from subsidiaries	–	–	16,234	17,178
- Dividend income from quoted investment in Malaysia	382	976	382	976
	1,433,347	1,453,784	25,791	26,958

Disaggregation of revenue from contract with customers

Revenue from contract with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	1,263,262	1,270,520	–	–
Trading of school books, uniforms and stationery	157,859	161,290	–	–
Trading of paper related products and agency commission earned	11,844	20,998	–	–
Management fees from subsidiaries	–	–	9,175	8,804
	1,432,965	1,452,808	9,175	8,804
Timing of revenue recognition				
Products and services transferred at a point in time	1,432,965	1,452,808	–	–
Services rendered over time	–	–	9,175	8,804
	1,432,965	1,452,808	9,175	8,804

- Revenue from manufacturing and sale of industrial paper and paper related products, trading of school books, uniforms and stationery, paper related products and agency commission earned are recognised at a point in time upon the acceptance of those products and services by the customers.
- Management fees are recognised over time when services are rendered.
- The payment terms for billings arising from revenue are disclosed in Note 10 to the financial statements.
- The revenue of the Group contain no elements of variable consideration, obligations for returns or refund or warranties.

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26. FINANCE COSTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expenses on:-				
Bank overdrafts	2,079	1,757	3	*
Trade financing facilities	17,001	15,955	–	–
Lease liabilities	2,266	2,261	34	31
Revolving credit	6,265	7,354	–	–
Term loans	4,142	4,312	–	–
Other borrowings	1,370	1,078	7	–
Recognised in profit or loss	33,123	32,717	44	31
Capitalised on qualifying assets:-				
- Property, plant and equipment (Note 3)	2,506	1,849	–	–
	35,629	34,566	44	31

* Less than RM1,000

27. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
After charging:-				
Auditors' remuneration related to:				
Statutory audits				
- Grant Thornton Malaysia PLT ("GT")	530	525	57	57
- Other member firm of GT	16	18	–	–
- Other auditors	323	349	–	–
Assurance-related services:				
- GT	14	14	14	14
Non-assurance-related services:				
- GT	10	6	–	–
Other services:				
- Tax compliance fee	157	152	8	8
- Facilitation of review by other auditors	41	41	41	41
Bad debts written off	419	147	–	–
Fair value adjustments on investment properties	–	320	–	–
Fair value loss on derivative financial instruments	251	–	–	–
Impairment loss on trade receivables	751	1,126	–	–
Impairment loss on investment in associates	182	–	–	–
Inventories written down	1,158	6,884	–	–
Inventories written off	511	187	–	–
Loss on foreign exchange				
- realised	2,776	3,031	–	–
- unrealised	1,572	–	–	–
Property, plant and equipment written off	1,024	1,023	–	–
Impairment loss on other receivables	–	76	–	–
Loss on early termination of lease contracts	–	44	–	–
Loss on disposal of property, plant and equipment	253	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

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27. (LOSS)/PROFIT BEFORE TAX (CONT'D)

The following amounts have been included in arriving at (loss)/profit before tax (Cont'd):

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
After crediting:-				
Amortisation of government grants	(1,905)	(1,905)	-	-
Bad debts recovered	(63)	(73)	-	-
Fair value gain on financial assets at fair value through profit or loss	(74)	(301)	(74)	(301)
Fair value adjustments on investment properties	(3,368)	-	-	-
Gain on disposal of investment properties	-	(350)	-	-
Fair value gain on derivative financial instruments	-	(239)	-	-
Gain on disposal of property, plant and equipment	-	(1,577)	-	(96)
Gain on disposal of assets classified as held for sale	(5,257)	-	-	-
Gain on foreign exchange				
- unrealised	-	(429)	-	-
Interest income	(660)	(1,311)	(1,453)	(300)
Rental income				
- third parties	(2,298)	(1,708)	(252)	(252)
Reversal of inventories written down	(198)	(101)	-	-
Reversal of impairment loss				
- trade receivables	(1,605)	(1,367)	-	-
- other receivables	(1)	-	-	-
Reversal of deficit on revaluation of property, plant and equipment	(1,469)	-	-	-
Gain on early termination of lease contracts	(22)	-	-	-
Dividend income				
- subsidiaries	-	-	(16,234)	(17,178)
- quoted investment in Malaysia	(771)	(1,224)	(382)	(976)

28. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salary, wages and other allowances	217,619	213,779	6,432	6,729
Defined contribution plan	17,133	17,004	421	409
Defined benefit plan	5,863	6,520	832	405
	240,615	237,303	7,685	7,543

The Group has elected to present government grants by reducing the employee benefits expenses. The Group had committed to spend the wages subsidy on employees' payroll expenses and does not reduce any employee headcount for a specified period of time. The Group does not have any unfulfilled obligations relating to the wage subsidy programmes.

Included in employee benefits expenses are the Directors' emoluments disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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29. DIRECTORS' REMUNERATION

Remuneration of Directors are as follows:-

Group	Fees RM'000	Salary RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
<u>2025</u>						
Executive Directors	453	3,432	500	453	118	4,956
Non-Executive Directors	464	543	85	763	25	1,880
	917	3,975	585	1,216	143	6,836
<u>2024</u>						
Executive Directors	458	3,264	560	449	134	4,865
Non-Executive Directors	602	971	115	963	57	2,708
	1,060	4,235	675	1,412	191	7,573
Company						
<u>2025</u>						
Executive Directors	120	3,432	500	333	118	4,503
Non-Executive Directors	300	–	–	507	–	807
	420	3,432	500	840	118	5,310
<u>2024</u>						
Executive Directors	120	3,264	560	326	134	4,404
Non-Executive Directors	360	–	–	697	30	1,087
	480	3,264	560	1,023	164	5,491

The estimated monetary value of benefits provided to Directors of the Group and of the Company during the financial year by way of usage of the Company's and subsidiaries' assets and other benefits amounted to RM143,000 (2024: RM191,000) and RM118,000 (2024: RM164,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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30. TAX (INCOME)/EXPENSE

Tax recognised in profit or loss

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax expense				
Current year	4,495	4,347	270	113
Real property gains tax	747	63	–	–
Over provision in prior years	(687)	(417)	(102)	(38)
Total current tax recognised in profit or loss	4,555	3,993	168	75
Deferred tax income				
Origination and reversal of temporary differences (Over)/Under provision in prior years	(18,156)	(17,832)	(238)	(331)
Realisation of deferred tax upon depreciation of revalued assets	(1,284)	(1,153)	(83)	(83)
Realisation of deferred tax upon disposal of revalued assets	(1,222)	(749)	–	–
Total deferred tax recognised in profit or loss	(20,915)	(21,128)	(106)	(537)
Total tax (income)/expense	(16,360)	(17,135)	62	(462)

Reconciliation of tax (income)/expense applicable to (loss)/profit before tax at statutory tax rate to tax income at the effective tax rate is as follows:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(Loss)/Profit before tax	(62,081)	(65,002)	15,847	16,248
Tax at Malaysian statutory tax rate of 24%	(14,899)	(15,600)	3,803	3,900
Tax effects in respect of:-				
Expenses not deductible for tax purposes	11,248	11,696	321	499
Income not subject to tax	(9,017)	(8,928)	(4,092)	(4,451)
Realisation of deferred tax upon depreciation of revalued assets	(1,284)	(1,153)	(83)	(83)
Realisation of deferred tax upon disposal of revalued assets	(1,222)	(749)	–	–
Movement on deferred tax assets not recognised	(7,378)	204	–	(166)
Utilisation of reinvestment allowances	473	–	–	–
Expiration of reinvestment allowances	6,262	–	–	–
Effect of different tax rate for fair value of investment properties	(92)	(502)	–	–
Effect of different tax rate for disposal of revalued assets	59	–	–	–
Different tax rates of foreign subsidiaries (Over)/Under provision in prior years	(317)	(355)	–	–
- Current tax	(687)	(417)	(102)	(38)
- Deferred tax	(253)	(1,394)	215	(123)
Real property gains tax	747	63	–	–
	(16,360)	(17,135)	62	(462)

NOTES TO THE FINANCIAL STATEMENTS

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30. TAX (INCOME)/EXPENSE (CONT'D)

Tax recognised in other comprehensive (income)/loss

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Remeasurement of defined benefit liability	–	1,678	–	246
Revaluation of land and buildings	(24,735)	–	(554)	–

31. LOSS PER SHARE**Basic and diluted**

Loss per share is calculated based on the Group's loss for the financial year attributable to owners of the Company of RM48,658,000 (2024: RM50,523,000) and weighted average number of ordinary shares in issue during the financial year of 305,050,835 (2024: 305,050,835).

Diluted loss per share equals basic loss per share as there were no dilutive potential equity instruments in issue that gave diluted effect to the loss per share.

32. DIVIDENDS

	Group and Company RM'000
Recognised during the financial year	
<u>2025</u>	
First and final single tier dividend for financial year 2024:- 2.0 sen per share	6,101
<u>2024</u>	
First and final single tier dividend for financial year 2023:- 3.0 sen per share	9,152

The Directors do not recommend any final dividend payment for the current financial year.

33. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:-

	Group	
	2025 RM'000	2024 RM'000
Contracted but not provided for:-		
Land and buildings	25,574	11,075
Plant and machinery	12,741	41,102
Computer system and others	234	347
	38,549	52,524

NOTES TO THE FINANCIAL STATEMENTS

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34. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities. Related parties also include key management personnel.

The Group has related party relationship with its substantial shareholders, subsidiaries and associates, Directors and key management personnel.

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 5, 6 and 10 to the financial statements.

Related party transactions have been entered into the normal course of business under normal trade terms. Related party transactions of the Group and of the Company are as follows:-

34.1 Transactions with subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Lease rental charged by	216	216
Secretarial and statutory records maintenance fee charged by	144	144
Office administration fee charged by	480	485
Share registration fee charged by	96	165
Dividend income	16,234	17,178
Management fee charged to	9,175	8,804
Interest income charged to	1,453	300
Interest expense charged by	7	–
Purchase of property, plant and equipment from	–	162

34.2 Transactions with associates

	Group	
	2025 RM'000	2024 RM'000
Sales of goods	–	258

34.3 Related party transactions with a major shareholder, Asia File Corporation Bhd. and its subsidiaries

	Group	
	2025 RM'000	2024 RM'000
Sale of goods	1,628	1,737
Purchase of goods	82	–

NOTES TO THE FINANCIAL STATEMENTS

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34. RELATED PARTIES (CONT'D)

Related party transactions have been entered into the normal course of business under normal trade terms. Related party transactions of the Group and of the Company are as follows (Cont'd):-

34.4 Transaction with Tri-yen Enterprise Sdn. Bhd., a company in which Directors have interest

	Group	
	2025 RM'000	2024 RM'000
Lease rental charged by	150	146

Tri-yen Enterprise Sdn. Bhd. is a company in which a Director, Datuk Wira Lim Chiun Cheong has or is deemed to have substantial interest.

34.5 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel consist of Executive Directors of the Company and foreign subsidiaries.

The remunerations of key management personnel of the Group other than non-executive Directors are as follows:-

	Group	
	2025 RM'000	2024 RM'000
Fees, salaries, bonus and other emoluments	7,102	6,904
Benefit-in-kind	123	139
	7,225	7,043

35. FINANCIAL INSTRUMENTS**35.1 Classification of financial instruments**

Financial assets and financial liabilities are measured either at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial assets:-				
<u>FVTPL</u>				
Short term investment	6,107	5,926	6,107	5,926
Derivative financial instruments	–	243	–	–
<u>Amortised cost</u>				
Trade receivables	223,326	227,913	–	–
Other receivables	8,719	16,013	154	154
Amount due from subsidiaries	–	–	12,099	37,496
Amount due from associates	840	1,304	840	860
Cash and bank balances, deposits and short-term placements	109,897	128,000	2,730	9,812
Total financial assets	348,889	379,399	21,930	54,248
Financial liabilities:-				
<u>FVTPL</u>				
Derivative financial instruments	8	–	–	–
<u>Amortised cost</u>				
Borrowings	725,182	710,463	–	–
Lease liabilities	36,449	36,103	656	1,038
Trade payables	48,774	56,760	–	–
Other payables	98,368	111,872	1,827	2,040
Amount due to subsidiaries	–	–	3,026	19
Total financial liabilities	908,781	915,198	5,509	3,097

35.2 Risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The Group and the Company have established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk, foreign currency risk and other price risk.

The following sections explain key risks faced by the Group and the Company.

35.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopt the policy of dealing with its customers of appropriate standing to mitigate credit risk and those customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts.

For other financial assets, the Group and the Company adopt the policy of dealing with the reputable institutions. The Group's and the Company's exposure to credit risk arising from cash and cash equivalents, trade and other receivables and derivative financial instruments is limited because the counterparties are banks and financial institutions with high credit ratings and have no history of default.

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (Cont'd)****35.2.1 Credit risk (Cont'd)**

In respect of trade and other receivables, the Group and the Company are not subject to any significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas.

An impairment analysis is performed at each reporting date using a provision of matrix to measure expected credit losses ("ECLs"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

Information regarding the Group's exposure to credit risk and ECLs for trade receivables is disclosed in Note 10 to the financial statements.

35.2.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amounts of financial assets recognised in the statements of financial position.

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk control. External credit ratings and/or reports on customers and other counterparties may also be used for credit assessment purposes.

The Company provides secured financial guarantees to financial institutions in respect of credit facilities granted to certain subsidiaries. The maximum exposure to credit risk is as described in Note 35.2.2.1 as at the reporting date. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default in payment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

35.2.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting the obligations as and when they fall due. The Group and the Company are exposed to liquidity risk arising from payables, lease liabilities, borrowings and they maintain certain levels of cash and cash equivalents and bank credit facilities deemed adequate to ensure there is sufficient liquidity to meet the obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 Risk management objectives and policies (Cont'd)

35.2.2 Liquidity risk (Cont'd)

35.2.2.1 Analysis of financial liabilities by remaining contractual maturity period

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

Group	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2025				
Borrowings	607,952	130,462	–	738,414
Lease liabilities	16,938	22,587	–	39,525
Trade payables	48,774	–	–	48,774
Other payables	98,368	–	–	98,368
Total undiscounted financial liabilities	772,032	153,049	–	925,081
2024				
Borrowings	618,100	103,511	–	721,611
Lease liabilities	15,002	24,293	–	39,295
Trade payables	56,760	–	–	56,760
Other payables	111,872	–	–	111,872
Total undiscounted financial liabilities	801,734	127,804	–	929,538
Company				
2025				
Lease liabilities	343	355	–	698
Other payables	1,827	–	–	1,827
Amount due to subsidiaries	3,026	–	–	3,026
Total undiscounted financial liabilities	5,196	355	–	5,551
Financial guarantees*	1,311,654	–	–	1,311,654
2024				
Lease liabilities	416	698	–	1,114
Other payables	2,040	–	–	2,040
Amount due to subsidiaries	19	–	–	19
Total undiscounted financial liabilities	2,475	698	–	3,173
Financial guarantees*	1,348,497	–	–	1,348,497

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (Cont'd)****35.2.2 Liquidity risk (Cont'd)****35.2.2.1 Analysis of financial liabilities by remaining contractual maturity period (Cont'd)**

*This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflected the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying values of the liabilities at the end of the financial year.

35.2.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flows of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage the interest expenses to be consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's and the Company's borrowings at variable interest rates are exposed to the risk of change in cash flows due to changes in interest rate. Investment in equity securities, short-term receivables and payables are not significantly exposed to any interest rate risk.

35.2.3.1 Interest rate sensitivity analysis

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The following is interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:-

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments				
<u>Financial asset</u>				
Fixed deposits with licensed banks	7,864	15,944	–	–
<u>Financial liability</u>				
Lease liabilities	(36,449)	(36,103)	(656)	(1,038)
Net financial liability	(28,585)	(20,159)	(656)	(1,038)

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 Risk management objectives and policies (Cont'd)

35.2.3 Interest rate risk (Cont'd)

35.2.3.1 Interest rate sensitivity analysis (Cont'd)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Floating rate instruments				
<u>Financial asset</u>				
Amount due from subsidiaries	–	–	6,031	24,864
<u>Financial liabilities</u>				
Trade financing facilities	(404,000)	(390,365)	–	–
Revolving credit	(111,728)	(139,771)	–	–
Term loans	(145,340)	(115,387)	–	–
Other borrowings	(34,734)	(29,058)	–	–
Bank overdrafts	(29,380)	(35,882)	–	–
Amount due to a subsidiary	–	–	(3,000)	–
Net financial (liabilities)/asset	(725,182)	(710,463)	3,031	24,864

The following illustrates the sensitivity of profit or loss/equity to a reasonably possible change in interest rates of +/-25 (2024: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group		Company	
	Effect on profit or loss/equity for the financial year 25bp increase RM'000	Effect on profit or loss/equity for the financial year 25bp decrease RM'000	Effect on profit or loss/equity for the financial year 25bp increase RM'000	Effect on profit or loss/equity for the financial year 25bp decrease RM'000
2025	(1,378)	1,378	6	(6)
2024	(1,350)	1,350	47	(47)

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (Cont'd)****35.2.4 Foreign currency risk**

The Group is exposed to foreign currency risk on sales and purchases transactions denominated in currency other than functional currencies of the Group's respective entities. The material currencies giving rise to this risk are primarily United States Dollar (USD), Australia Dollar (AUD) and Singapore Dollar (SGD).

The Group uses forward exchange contracts to hedge its foreign currency risk and the contract period is less than one year.

Carrying amounts of the exposure to foreign currency risk are as follows:-

Group	USD RM'000	AUD RM'000	SGD RM'000
<u>2025</u>			
Trade and other receivables	28,002	2,065	3,571
Cash and bank balances, deposits and short-term placements	12,701	1,820	2,146
Trade and other payables	(2,105)	–	(991)
Net exposure	38,598	3,885	4,726
<u>2024</u>			
Trade and other receivables	38,004	2,497	4,487
Cash and bank balances, deposits and short-term placements	5,296	1,916	1,933
Trade and other payables	(8,309)	(33)	(2,067)
Borrowings	(23,284)	–	–
Net exposure	11,707	4,380	4,353

35.2.4.1 Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss/equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/AUD exchange rate and RM/SGD exchange rate assuming all other things being equal.

A +/-5% (2024: +/-5%) change in the RM/USD, RM/AUD and RM/SGD exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

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35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (Cont'd)****35.2.4 Foreign currency risk (Cont'd)****35.2.4.1 Foreign currency sensitivity analysis (Cont'd)**

If the RM had strengthened against the USD, AUD and SGD, then the impact would be as follows:-

Group	Effect on profit or loss/ equity for the financial year		
	USD RM'000	AUD RM'000	SGD RM'000
2025	(1,467)	(148)	(180)
2024	(445)	(166)	(165)

If the RM had weakened against the USD, AUD and SGD, then the impact on profit or loss/equity for the financial year would be strengthened.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

35.2.5 Other price risk sensitivity analysis

The Group and the Company are exposed to equity price risk due to fluctuation in prices of quoted securities under financial assets at FVTPL (Note 12). The movements in quoted price of these securities are monitored continuously.

An increase or a decrease of 1% (2024: 1%) in the prices of the quoted securities would result in an increase or a decrease of RM61,000 (2024: RM59,000) to the profit or loss of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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36. FAIR VALUE MEASUREMENT**36.1 Fair value measurement of financial instruments**

The carrying amounts of financial instruments of the Group and of the Company at reporting date approximate their fair values because they are floating rate instruments which are re-priced to market rates on or near reporting date or they have a short maturity period.

The following table summarises the methods used in determining the fair value of financial assets and financial liabilities on a recurring basis as follows:-

Group

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs
	2025 RM'000	2024 RM'000		
1) Foreign currency forward contracts	Liabilities (8)	Assets 243	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Financial assets at FVTPL	Assets 6,107	Assets 5,926	Level 1	Quoted bid prices in an active market.

Company

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs
	2025 RM'000	2024 RM'000		
Financial assets at FVTPL	6,107	5,926	Level 1	Quoted bid prices in an active market.

There was no transfer between the Levels in financial year 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

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36. FAIR VALUE MEASUREMENT (CONT'D)

36.2 Fair value measurement of non-financial assets

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as follows:-

Group

Non-financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025 RM'000	2024 RM'000				
1) Property, plant and equipment	Land 705,825	Land 533,165	Level 3	Comparison approach which reflects recent market transactions for similar properties. Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as plot size, location, encumbrances and current use. Adjustment for factors such as physical deterioration, functional and economic obsolescence.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation. Depreciation is deducted to reflect the current condition of the buildings and structures.
2) Investment properties	Land 12,127	Land 4,700	Level 3	Comparison approach which reflects recent market transactions for similar properties. Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as plot size, location, encumbrances and current use. Adjustment for factors such as physical deterioration, functional and economic obsolescence.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation. Depreciation is deducted to reflect the current condition of the buildings and structures.

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36. FAIR VALUE MEASUREMENT (CONT'D)**36.2 Fair value measurement of non-financial assets (Cont'd)**

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as follows (Cont'd):-

Group (Cont'd)

Non-financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025 RM'000	2024 RM'000				
3) Assets classified as held for sale	Land 12,015	Land 8,323	Level 3	Comparison approach which reflects recent market transactions for similar properties.	Adjustment for factors such as plot size, location, encumbrances and current use.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 1,328	Buildings 4,383		Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Depreciation is deducted to reflect the current condition of the buildings and structures.

NOTES TO THE FINANCIAL STATEMENTS

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36. FAIR VALUE MEASUREMENT (CONT'D)**36.2 Fair value measurement of non-financial assets (Cont'd)**

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as follows:-

Company

Non-financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025 RM'000	2024 RM'000				
Property, plant and equipment	Land 18,368	Land 16,591	Level 3	Comparison approach which reflects recent market transactions for similar properties.	Adjustment for factors such as plot size, location, encumbrances and current use.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 3,194	Buildings 3,096		Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Depreciation is deducted to reflect the current condition of the buildings and structures.

NOTES TO THE FINANCIAL STATEMENTS

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36. FAIR VALUE MEASUREMENT (CONT'D)

36.2 Fair value measurement of non-financial assets (Cont'd)

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:-

	Property, plant and equipment			
	Land		Buildings	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1.1	16,591	16,938	3,096	3,181
Expenses recognised in profit or loss:-				
- Depreciation	(351)	(347)	(83)	(85)
Gain recognised in other comprehensive income:-				
- Revaluation of land and buildings	2,128	-	181	-
At 31.12	18,368	16,591	3,194	3,096

37. CAPITAL MANAGEMENT

The primary capital management objective of the Group and of the Company is to achieve sustainable growth and maximise return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the financial year 2025 and 2024.

The Group manages the mixture of equity and borrowings to ensure that gearing ratio of the Group does not exceed 1.5 and consolidated shareholders' equity is not less than RM400,000,000 to comply with the covenants of certain loan and credit facilities taken by certain subsidiaries. Shareholders' equity and gearing ratio at the end of financial year 2025 and 2024 are reported below:-

	Group	
	2025 RM'000	2024 RM'000
Borrowings (including lease liabilities and bank overdrafts)	761,631	746,566
Total equity	1,304,877	1,225,146
Debt-to-equity ratio	0.58	0.61

NOTES TO THE FINANCIAL STATEMENTS

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38. OPERATING SEGMENTS – GROUP

The management identifies the Group's manufacturing and trading operations as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Manufacturing segment : Manufacture of various types of industrial paper, corrugated cartons, paper bags, paper stationery and paper based food packaging products.

Trading segment : Trading in paper, recovered paper and stationery products.

Other non-reportable segments comprise of operations related to investment holding, property holding, management consultancy, general insurance agency services and engineering and fabrication services.

Transfer prices between operating segments are on negotiated basis.

Performance is measured based on segment (loss)/profit before tax, interest, depreciation and amortisation, as included in the internal management reports. Segment profit is used to measure performance as the management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

NOTES TO THE FINANCIAL STATEMENTS

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38. OPERATING SEGMENTS – GROUP (CONT'D)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

	Manufacturing		Trading		Others		Eliminations		Note	Consolidated	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000		2025 RM'000	2024 RM'000
Revenue											
External revenue	1,263,262	1,270,520	169,703	182,288	382	976	-	-		1,433,347	1,453,784
Intersegment revenue	8,239	11,603	243,516	245,871	12,409	11,482	(264,164)	(268,956)	A	-	-
Total revenue	1,271,501	1,282,123	413,219	428,159	12,791	12,458	(264,164)	(268,956)		1,433,347	1,453,784
Results											
Segment (loss)/profit	(32,850)	(36,894)	13,473	6,788	26,432	33,080	(36,219)	(35,724)	B	(29,164)	(32,750)
Interest income	182	403	493	908	1,464	331	(1,479)	(831)		660	1,311
Finance cost	(33,761)	(32,915)	(748)	(695)	(82)	(84)	1,468	977		(33,123)	(32,717)
Depreciation and amortisation	(84,557)	(79,320)	(3,930)	(4,240)	(1,142)	(1,359)	-	-		(89,629)	(84,919)
Share of results of associates	-	-	(454)	(846)	-	-	-	-		(454)	(846)
Other non-cash income/(expenses)	(1,488)	(8,007)	4,709	669	(1,306)	(2,720)	-	-	C	1,915	(10,058)
Assets											
Segment assets	2,162,428	2,053,085	152,389	166,686	46,312	57,087	-	-	D	2,361,129	2,276,858
Investment in associates	-	-	82	722	-	-	-	-		82	722
Additions to non-current assets other than financial instruments and deferred tax assets	98,087	86,349	2,486	948	3	1,226	-	-	E	100,576	88,523
Segment liabilities	188,131	206,495	35,656	40,201	15,013	14,525	-	-	F	238,800	261,221

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- A. Intersegment revenue is eliminated on consolidation.
- B. The following items are added to/(deducted from) segment profit to arrive at “loss before tax” presented in the profit or loss:-

	2025 RM'000	2024 RM'000
Segment loss	(29,164)	(32,750)
Interest income	660	1,311
Finance costs	(33,123)	(32,717)
Share of results of associates	(454)	(846)
Loss before tax	(62,081)	(65,002)

- C. Other major non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:-

	2025 RM'000	2024 RM'000
Impairment loss on doubtful trade receivables	(751)	(1,126)
Impairment loss on other receivables	–	(76)
Bad debts written off	(419)	(147)
Reversal of deficit on revaluation of property, plant and equipment	1,469	–
Fair value (loss)/gain on derivative financial instruments	(251)	239
Fair value gain on financial assets at FVTPL	74	301
Property, plant and equipment written off	(1,024)	(1,023)
Inventories written down	(1,158)	(6,884)
Inventories written off	(511)	(187)
Fair value adjustments on investment properties	3,368	(320)
Amortisation of government grants	1,905	1,905
Impairment loss on doubtful trade receivables no longer required	1,605	1,367
Impairment loss on doubtful other receivables no longer required	1	–
Impairment loss in associate	(182)	–
Reversal of inventories written down	198	101
(Loss)/Gain on disposal of property, plant and equipment	(253)	1,577
Gain on disposal of investment properties	–	350
Gain on disposal of assets classified as held for sale	5,257	–
Unrealised (loss)/gain on foreign exchange	(1,572)	429
Gain/(Loss) on early termination of lease contracts	22	(44)
Provision for retirement benefit	(5,863)	(6,520)
	1,915	(10,058)

NOTES TO THE FINANCIAL STATEMENTS

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38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements. (Cont'd)

- D. The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2025 RM'000	2024 RM'000
Segment assets	2,361,129	2,276,858
Intangible assets	15,965	16,238
Investment in associates	82	722
Deferred tax assets	1,101	1,524
Tax recoverable	5,272	12,152
Total assets	2,383,549	2,307,494

- E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2025 RM'000	2024 RM'000
Property, plant and equipment	100,576	88,523

- F. The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	2025 RM'000	2024 RM'000
Segment liabilities	238,800	261,221
Lease liabilities	36,449	36,103
Borrowings	725,182	710,463
Tax payable	1,691	1,331
Deferred tax liabilities	76,550	73,230
Total liabilities	1,078,672	1,082,348

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia*	1,248,450	1,258,919	1,644,674	1,491,209
Singapore	171,380	178,013	14,752	16,370
Australia	3,943	5,981	26,655	17,267
The People's Republic of China	9,574	10,871	17,502	15,032
	1,433,347	1,453,784	1,703,583	1,539,878

* Company's home country

NOTES TO THE FINANCIAL STATEMENTS

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements. (Cont'd)

Geographical information (Cont'd)

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2025 RM'000	2024 RM'000
Property, plant and equipment	1,673,251	1,516,500
Investment properties	14,367	7,140
Intangible assets	15,965	16,238
	1,703,583	1,539,878

Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

PROPERTIES OWNED BY THE GROUP

31 DECEMBER 2025

Location	Description of property	Land area (Sq metre)	Existing Use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
Lot 11207, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan 99 Years Lease Expiring 2070	Industrial Building	87,499	Office, Factory & Warehouse	130,068	8 - 55	(B) 15-10-25
Lot 153, 156, 157, 160, 161, 162, 163 & 164 Jalan Tasek, 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	112,917	Office, Factory, Warehouse & Water Treatment Plant	124,250	1 - 60	(B) 15-10-25
Lot 86818 1 1/2 Miles, Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	38,340	Office & Factory	98,155	10 - 48	(B) 15-10-25
Lot 5744, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Land	43,934	Open Storage Yard	59,100	-	(B) 15-10-25
Lot 415, Jalan Tasek 14120 Simpang Ampat Daerah Seberang Perai Selatan Penang Freehold	Industrial Building	73,370	Office, Factory & Warehouse	57,691	1 - 32	(B) 15-10-25
Lot 8869 & 8871, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	21,846	Warehouse	40,386	9 - 25	(B) 15-10-25
No. 9, Jalan Persiaran Teknologi, Taman Teknologi Johor 81400 Senai Johor Darul Takzim 60 Years Lease Expiring 2063	Industrial Building	38,360	Office & Factory	37,414	22	(B) 15-10-25

PROPERTIES OWNED BY THE GROUP
31 DECEMBER 2025

CONT'D

Location	Description of property	Land area (Sq metre)	Existing Use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
Lot 5235, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Building	21,271	Office, Factory & Open Storage Yard	37,392	8 - 14	(B) 15-10-25
Lot 775, 824, 10216, 10217, 10279, & 10286 Jalan Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	47,904	Factory & Water Treatment Plant	37,330	6 - 10	(B) 15-10-25
Lot 1572, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Land	23,750	Open Storage Yard	35,800	–	(B) 15-10-25

ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2026

No. of Issued Shares	305,050,835
Class of Shares	Ordinary Shares
Voting Rights	One vote per ordinary share

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	472	16,697	0.01
100 to 1,000	752	482,282	0.15
1,001 to 10,000	2,643	10,430,716	3.42
10,001 to 100,000	588	15,691,119	5.14
100,001 to less than 5% of issued shares	81	102,214,721	33.51
5% and above of issued shares	4	176,215,300	57.77
Total	4,540	305,050,835	100.00

DIRECTORS' DIRECT AND DEEMED INTEREST IN THE COMPANY AND ITS RELATED CORPORATIONS

Other than as disclosed below, there are no other Directors of the Company who has an interest, direct or deemed, in shares of the Company and its related corporations.

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Dato' Azaman Bin Abu Bakar	711,000	0.23	114,969,313*	37.69
Datuk Wira Lim Chiun Cheong	715,500	0.23	128,627,613*	42.17
Lim Siew Ling	30,000	0.01	118,487,013*	38.84
Lim Yen Wee	170,000	0.06	119,675,413*	39.23

By virtue of their interests in shares of Muda Holdings Berhad ("Muda"), Dato' Azaman Bin Abu Bakar, Datuk Wira Lim Chiun Cheong, Lim Siew Ling and Lim Yen Wee are also deemed interested in shares of all subsidiaries of Muda to the extent that Muda has an interest.

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Dato' Azaman Bin Abu Bakar	711,000	0.23	114,969,313*	37.69
Datuk Wira Lim Chiun Cheong	715,500	0.23	128,627,613*	42.17
Lim Siew Ling	30,000	0.01	118,487,013*	38.84
Lim Yen Wee	170,000	0.06	119,675,413*	39.23
Hartaban Holdings Sdn Bhd	20,300,000	6.65	94,569,313^	31.00
Malaysia Nominees (Tempatan) Sendirian Berhad				
Pledged Securities Account For				
Hartaban Holdings Sdn Bhd	83,650,000	27.42	—	—
Sin Poay Sim	2,727,700	0.89	115,759,313*	37.95
Datin Cheong Koon Hooi	4,430,000	1.45	114,869,313*	37.66

ANALYSIS OF SHAREHOLDINGS
AS AT 24 MARCH 2026

CONT'D

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS) (CONT'D)

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Lim Chiun Shang	–	–	125,377,613 [^]	41.10
Lim Chiun Khoon	–	–	125,377,613 [^]	41.10
Asia File Corporation Bhd	17,439,200	5.72	54,826,100 [^]	17.97
Lim & Khoo Sdn Bhd	54,826,100	17.97	–	–
Dato' Lim Soon Huat	9,666,900	3.17	72,265,300 [^]	23.69
Prestige Elegance (M) Sdn Bhd	–	–	72,265,300 [^]	23.69
Datin Khoo Saw Sim	–	–	72,265,300 [^]	23.69

Notes:

* Deemed to have interest in shares of Muda held by persons deemed to be connected with the Directors as defined under Section 197 of the Companies Act, 2016 and by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

[^] Deemed to have interest in shares of Muda held by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS AS AT 24 MARCH 2026

No.	Name	No. of Shares	%
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Hartaban Holdings Sdn. Bhd. (01-00794-000)	83,650,000	27.42
2	Lim & Khoo Sdn Bhd	54,826,100	17.97
3	Hartaban Holdings Sdn Bhd	20,300,000	6.65
4	Asia File Corporation Bhd	17,439,200	5.72
5	Styme Sdn Bhd	10,919,313	3.58
6	Beh Phaik Hooi	9,756,700	3.20
7	Dato' Lim Soon Huat	9,666,900	3.17
8	Lim Guan Teik Holdings Sdn Bhd	9,618,300	3.15
9	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Siew Lee (PB)	9,150,000	3.00
10	Tan Hooi Hooi	6,287,200	2.06
11	Lim Siew Lee	5,161,400	1.69
12	Datin Cheong Koon Hooi	4,430,000	1.45
13	Lim Siew Lee	4,107,800	1.35

ANALYSIS OF SHAREHOLDINGS
AS AT 24 MARCH 2026

CONT'D

**30 LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS AS AT 24 MARCH 2026
(CONT'D)**

No.	Name	No. of Shares	%
14	Tan Sri Lim Guan Teik	3,250,000	1.07
15	Teo Kwee Hock	2,963,400	0.97
16	Sin Poay Sim	2,727,700	0.89
17	Wong Yoke Fong @ Wong Nyok Fing	2,061,700	0.68
18	Kenanga Nominees (Tempatan) Sdn Bhd Exempt An For Philip Securities Pte Ltd (Client Account)	1,327,300	0.44
19	Lim Soon Wah	1,125,700	0.37
20	Au Yong Mun Yue	1,070,000	0.35
21	MSM International Adjusters (Malaysia) Sdn Bhd	999,800	0.33
22	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	979,400	0.32
23	Lim Gin Chuan	900,000	0.30
24	Tri-Yen Enterprise Sdn Bhd	890,000	0.29
25	Datuk Wira Lim Chiun Cheong	715,500	0.23
26	Dato' Azaman Bin Abu Bakar	711,000	0.23
27	Wong Yoke Fong @ Wong Nyok Fing	703,100	0.23
28	Butterfish Sdn Bhd	680,000	0.22
29	Ooi Chin Hock	659,900	0.22
30	Wong Yoke Fong @ Wong Nyok Fing	626,100	0.21
Total		267,703,513	87.76

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 55th Annual General Meeting (“55th AGM”) of Muda Holdings Berhad (“the Company”) will be held at Sheraton 6-7, Level 3C, Sheraton Petaling Jaya Hotel, Lorong Utara C, PJS 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 June 2026 at 10.30 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions as set out in this notice:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors’ and Auditors’ thereon. **(Note 2)**
2. To approve the payment of Directors’ fees of RM445,000.00 to Directors of the Company in respect of the financial year ended 31 December 2025. **Ordinary Resolution 1**
3. To approve the payment of benefits to Non-Executive Directors of the Company for an amount of up to RM1,000,000.00 from this Annual General Meeting until the conclusion of next Annual General Meeting of the Company. **Ordinary Resolution 2**
4. To re-elect Dato’ Tan Tian Meng who is retiring in accordance with Article 81 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 3**
5. To re-elect Dato’ Hazli Bin Ibrahim who is retiring in accordance with Article 81 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 4**
6. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of next Annual General Meeting and to authorize the Directors to fix their remuneration. **Ordinary Resolution 5**

Special Business

To consider and if thought fit, to pass the following Ordinary Resolution with or without modifications:

7. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 6**

“That subject always to the Act, the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Act, to issue and allot shares in the Company from time to time, at such price and upon such terms and conditions and for such purposes and to such person(s) or company/companies as the Directors may, in their absolute discretion deem fit, PROVIDED that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (“New Shares”) for the time being without first offering the New Shares to existing shareholders of the Company and such authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.”
8. To consider any other business of which due notice has been given in accordance with the Companies Act, 2016 and the Company’s Constitution.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

By Order of the Board

Goh Ching Yee (MAICSA 0760803) (SSM PC No. 202008002492)
Lim Lay Han (MAICSA 7074118) (SSM PC NO. 202608000086)
Company Secretaries

Petaling Jaya
30 April 2026

NOTES**1. Members Entitled to Attend the 55th AGM**

- 1.1 For the purpose of determining a member who shall be entitled to attend the 55th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at **19 June 2026** in accordance with the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only a depositor whose name appears on the **Record of Depositors** as at **19 June 2026** shall be entitled to attend and vote at the 55th AGM or appoint proxies to attend and vote on his/her behalf in the 55th AGM.

Appointment of Proxy

- 1.2 A member entitled to participate in the 55th AGM may appoint more than one (1) proxy (but not more than two (2)) to participate in his/her stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 1.3 Where a member of the Company is an Exempt Authorized Nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy. An exempt authorized nominee with more than one (1) securities account must submit a separate Form of Proxy for each securities account.
- 1.4 The Form of Proxy can be submitted through either one of the following avenues no later than **Tuesday, 23 June 2026 at 10.30 a.m.** or in the event of any adjournment, no later than 48 hours before the time appointed for the adjourned meeting:
- Lodgment of Form of Proxy in hard copy
To be deposited at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan; OR
 - Electronic lodgment of Form of Proxy
The Form of Proxy can be lodged electronically via <https://muda-agm.digerati.com.my>. Kindly refer to the Administrative Details for the 55th AGM on the procedures for electronic lodgment of Form of Proxy via <https://muda-agm.digerati.com.my>. The Administrative Details can be viewed and downloaded from the Company's website at <https://muda.com.my/agm2026>.
- 1.5 Please ensure that ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

NOTES (Cont'd)**1. Members Entitled to Attend the 55th AGM (Cont'd)**

1.6 For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan no later than 48 hours before the time appointed for holding the 55th AGM or adjourned general meeting. The certificate of appointment should be executed in the following manner:

- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member;
- (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) At least two (2) authorized officers, of whom one shall be a director; or
 - (ii) Any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.

1.7 Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice will be put to vote by way of poll. A Poll Administrator and an Independent Scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

EXPLANATORY NOTES**2. Agenda 1****Audited Financial Statements for the Financial Year Ended 31 December 2025**

The audited financial statements for the financial year ended 31 December 2025 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders' approval and hence will not be put forward for voting.

3. Ordinary Resolution 1 and 2**Payment of Directors' Fees and Benefits to Non-Executive Directors**

Section 230(1) of the Companies Act, 2016 provides, inter alia, that "the fees" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. The Company is seeking shareholders' approval for:

- (a) Payment of Directors' fees of RM445,000.00 to Directors of the Company pursuant to Ordinary Resolution 1; and
- (b) Benefits payable to Non-Executive Directors of the Company of up to an amount of RM1,000,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company pursuant to Ordinary Resolution 2.

4. Ordinary Resolution 3 & 4**Re-election of Directors who retire under Article 81 of the Company's Constitution**

Article 81 of the Company's Constitution provides that at each Annual General Meeting, one-third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office so that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. Pursuant to this, Dato' Tan Tian Meng and Dato' Hazli Bin Ibrahim are due to retire by rotation. The profile of the Directors standing for re-election as per Ordinary Resolution 3 and 4 are set out in the Profile of Board of Directors of this Annual Report.

The Nomination Committee has considered the performance and contribution of each of the retiring Directors seeking re-election and also conducted an assessment on the fitness and propriety of the retiring Directors, including review of their fit and proper declarations in accordance with the Directors' Fit & Proper Policy.

NOTICE OF ANNUAL GENERAL MEETING

CONT'D

EXPLANATORY NOTES (Cont'd)**5. Ordinary Resolution 5
Re-appointment of Auditors**

The Audit Committee has undertaken an annual evaluation of the effectiveness of the external audit process and performance, suitability and independence of the external auditors, Grant Thornton Malaysia PLT.

The Audit Committee was satisfied with the suitability of Grant Thornton Malaysia PLT based on the quality of audit, performance, competency, and sufficiency of resources the external audit team has provided to the Company and its subsidiaries ("the Group") and recommended to the Board for their reappointment. The Audit Committee was satisfied in its review of the provision of non-audit services by Grant Thornton Malaysia PLT to the Group for the financial year ended 31 December 2025 did not in any way impair their objectivity and independence as external auditors of the Company.

**6. Ordinary Resolution 6
Proposed Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 6 is for the purpose of renewing the general mandate for issuance of shares by the Company under Section 75 and Section 76 of the Companies Act, 2016. The Ordinary Resolution 6, if passed, will give Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company. As at the date of this notice, no shares had been allotted and issued since the general mandate granted to the Directors at the last AGM held on 25 June 2025 and this authority shall lapse at the conclusion of the 55th AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profiles of the Directors who are standing for re-election at the 55th AGM are set out in the Profile of Directors in this Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" in this Annual Report.

No individual other than the retiring Directors are seeking election as Directors at the 55th AGM.

FORM OF PROXY**Muda Holdings Berhad**

[Registration No. 197101000036 (10427-A)]

I/We

NRIC No./Registration No. CDS Account No.

of

being a member/members of **MUDA HOLDINGS BERHAD**, hereby appoint:-

Full Name (In Block)	NRIC No. /Passport No.	Proportion of Shareholding	
		No of Shares	%
Address			
Full Name (In Block)	NRIC No. /Passport No.	Proportion of Shareholding	
		No of Shares	%
Address			

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to participate and vote for me/us on my/our behalf at the 55th Annual General Meeting of the Company to be held at Sheraton 6-7, Level 3C, Sheraton Petaling Jaya Hotel, Lorong Utara C, PJS 52, 46200 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 25 June 2026 at 10.30 a.m.** and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting as indicated with an "X" in the appropriate space below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolution No.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' fees of RM445,000.00 to the Directors of the Company in respect of the financial year ended 31 December 2025.		
2	To approve the payment of benefits to Non-Executive Directors of the Company for an amount of up to RM1,000,000.00 from this Annual General Meeting until the conclusion of next Annual General Meeting of the Company.		
3	To re-elect Dato' Tan Tian Meng as a Director in accordance with Article 81 of the Company's Constitution.		
4	To re-elect Dato' Hazli Bin Ibrahim as a Director in accordance with Article 81 of the Company's Constitution.		
5	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration.		
6	To authorize Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

No. of Shares

Signature(s)/Common Seal of Shareholder

Mobile No

Dated this day of 2026

Shareholder's Email

Notes:-**1. Members Entitled to Attend the 55th AGM**

- 1.1 For the purpose of determining a member who shall be entitled to attend the 55th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a **General Meeting Record of Depositors** as at **19 June 2026** in accordance with the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only a depositor whose name appears on the **Record of Depositors** as at **19 June 2026** shall be entitled to attend and vote at the 55th AGM or appoint proxies to attend and vote on his/her behalf in the 55th AGM.

Appointment of Proxy

- 1.2 A member entitled to participate in the 55th AGM may appoint more than one (1) proxy (but not more than two (2)) to participate in his/her stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 1.3 Where a member of the Company is an Exempt Authorized Nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy. An exempt authorized nominee with more than one (1) securities account must submit a separate Form of Proxy for each securities account.



Notes (Cont'd):-

1. Members Entitled to Attend the 55th AGM (cont'd)

- 1.4 The Form of Proxy can be submitted through either one of the following avenues no later than Tuesday, 23 June 2026 at 10.30 a.m. or in the event of any adjournment, no later than 48 hours before the time appointed for the adjourned meeting:
- Lodgment of Form of Proxy in hard copy
To be deposited at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan; OR
 - Electronic lodgment of Form of Proxy
The Form of Proxy can be lodged electronically via <https://muda-agm.digerati.com.my>. Kindly refer to the Administrative Details for the 55th AGM on the procedures for electronic lodgment of Form of Proxy via <https://muda-agm.digerati.com.my>. The Administrative Details can be viewed and downloaded from the Company's website at <https://muda.com.my/agm2026>.
- 1.5 Please ensure that ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
- 1.6 For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan no later than 48 hours before the time appointed for holding the 55th AGM or adjourned general meeting. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member;
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) At least two (2) authorized officers, of whom one shall be a director; or
 - (ii) Any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX
STAMP

THE COMPANY SECRETARY
MUDA HOLDINGS BERHAD
LOT 7, JALAN 51A/241
46100 PETALING JAYA
SELANGOR DARUL EHSAN

2nd Fold Here

Fold This Flap For Sealing

Muda Holdings Berhad

Registration No. 197101000036 (10427-A)

Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

T: +(603) 7875 9549 **F:** +(603) 7873 8435, 7875 1519

www.muda.com.my