皇城集团

WANG-ZHENG BERHAD

200301009817 (612237-K)







ANNUAL REPORT 2025



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QR Code

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CORPORATE INFORMATION

BOARD OF DIRECTORS

(Executive Chairman cum Group Chief Executive Officer)
HUI CHING CHI

(Executive Director)
WONG PUI WAI NANCY

(Non-Independent Non-Executive Director)
SZE MAN BOK
MAJ GEN DATO' PAHLAWAN DR MOHANA DASS A/L RAMASAMY (RTD)

(Independent Non-Executive Director)
YAP PING HONG
LOW GAY TECK
KINGTON TONG KUM LOONG

AUDIT COMMITTEE

Yap Ping Hong (Chairman)
Low Gay Teck
Kington Tong Kum Loong

NOMINATION COMMITTEE

Low Gay Teck (Chairman)
Kington Tong Kum Loong
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)

REMUNERATION COMMITTEE

Low Gay Teck (Chairman)
Yap Ping Hong
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)

RISK MANAGEMENT COMMITTEE

Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Chairman)
Yap Ping Hong
Kington Tong Kum Loong

LONG-TERM INCENTIVE PLAN COMMITTEE

Low Gay Teck (Chairman)
Yap Ping Hong
Kington Tong Kum Loong

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143 / SSM PC No.202008001023)
Queck Wai Fong (MAICSA 7023051 / SSM PC No. 202208000287)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-7890 4800
Fax : 03-7890 4828
Email: boardroom-kl@boardroomlimited.com

CORPORATE OFFICE

No. 1 Jalan Utarid U5/19
Section U5, 40150 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : 03-7801 3333
Fax : 03-7801 3336

INVESTOR RELATIONS

Tel : 03-7801 3333
Fax : 03-7801 3336
Email: vfyong@wangzhengcorp.com

SOLICITORS

CY Poon & CM Lim Advocates & Solicitors (KL Branch)
(formerly known as CY Poon & Associates)
Unit 11.01, Menara K1, No.1
Lorong 3/137C off Jalan Klang Lama
58200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : 03-7772 5607

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
CIMB Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-7890 4700
Fax : 03-7890 4670
Email: bsr.helpdesk@boardroomlimited.com

AUDITORS

Messrs. Deloitte Malaysia PLT
(Formerly known as Deloitte PLT)
(LLP0010145-LCA & AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : 03-7610 8888
Fax : 03-7726 8986

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : WANGZNG
Stock Code : 7203

WEBSITE

www.wangzhengberhad.com

CORPORATE STRUCTURE

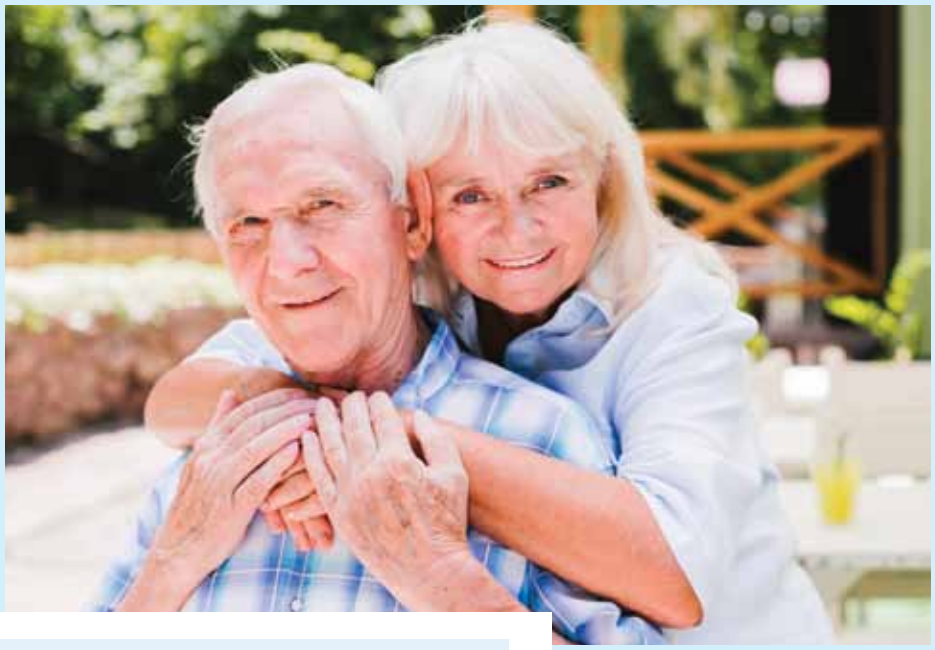
Corporate Structure as at 31 December 2025

皇城集团
WANG-ZHENG BERHAD
200301009817 (612237-K)

- 100% **WANG-ZHENG CORPORATION SDN. BHD.**
  Registration No. 198701008235 (166952-D)
- 100% **QUALITY HERO CORPORATION SDN. BHD.**
  Registration No. 200001012762 (515368-M)
- 100% **CAREFEEL COTTON INDUSTRIES (M) SDN. BHD.**
  Registration No. 199301013509 (268247-U)
- 100% **NEW TOP WIN CORPORATION SDN. BHD.**
  Registration No. 199401016709 (302387-H)
- 100% **MODERN ALPINE SDN. BHD.**
  Registration No. 200201005945 (573608-P)
- 100% **WONDERFUL EDEN SDN. BHD.**
  Registration No. 201001009703 (894333-U)
- 100% **WANG-ZHENG HONG KONG TRADING CO. LIMITED**
  Registration No. 3277092
- 100% **WANG-ZHENG SINGAPORE PTE. LTD.**
  UEN. 202531776N



皇城集团
WANG-ZHENG BERHAD
200301009817 (612237-K)





QUALITY PRODUCTS

FOR BETTER LIVING

PROFILE OF DIRECTORS

HUI CHING CHI

- Executive Chairman cum Group Chief Executive Officer

41 years old





Mr. Hui Ching Chi ("Mr. Tommy Hui") was appointed to the Board as Executive Director on 25 September 2017. Subsequently, he was promoted and appointed as Chief Executive Officer of the Group on 1 July 2022. Mr. Tommy Hui is the Executive Director of Hengan International. Currently, he is responsible for the overall strategy relating to Hengan Group's planning and purchasing of raw materials and logistics management and international business. Mr. Tommy Hui holds a Law Degree from the London University. Mr. Tommy Hui was the Director of Supply Chain Management of Hengan Group from 2008 to 2017. He worked in a major international bank in London prior to joining Hengan Group in February 2008. He was promoted and appointed as Executive Chairman on 27 May 2025.

Mr. Tommy Hui does not hold directorships in any other public companies and listed issuer in Malaysia. He is a director and indirect substantial shareholder of Hengan (Malaysia) Investments Company Limited, a major shareholder of the Company. Apart from that, he has no family relationship with any other Director and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries except as disclosed in Note 36 of the audited financial statements for the financial year ended 31 December 2025 and Circular to Shareholders dated 27 April 2025.

Mr. Tommy Hui has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Mr. Tommy Hui attended all five (5) Board meetings held during the financial year ended 31 December 2025.

Profile of Directors
(Cont'd)

WONG PUI WAI NANCY

- Executive Director

44 years old





Ms. Wong Pui Wai Nancy ("Ms. Nancy Wong") was appointed to the Board as Executive Director on 25 September 2017. Ms. Nancy Wong was appointed as the Managing Director of the Hengan Pharmacare Co. Ltd, an indirect subsidiary of Hengan International in 2016. Prior to the appointment, Ms. Nancy Wong has possessed over 18 years of experience in finance and purchasing. She worked at Joyce Boutique Holdings Limited, a company listed on the Main Board of Hong Kong Stock Exchange as a Buyer. She worked for private banks in Los Angeles after obtaining her Bachelor Degree in Business Administration in Finance at the University of Southern California in 2003.

Ms. Nancy Wong does not hold directorships in any other public companies and listed issuer in Malaysia. She has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Ms. Nancy Wong has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Ms Nancy Wong attended three (3) out of five (5) Board meetings held during the financial year ended 31 December 2025.

SZE MAN BOK

- Non-Independent Non-Executive Director

76 years old





Mr. Sze Man Bok ("Mr, Sze") was appointed to the Board as Executive Director on 15 June 2017. Subsequently, Mr. Sze was redesignated as Non-Independent Non-Executive Director on 25 September 2017. Mr. Sze is the Chairman of Hengan Group and Executive Director of Hengan International. He is responsible for Hengan Group's overall corporate direction and business strategy. Mr. Sze is one of the founding shareholders and a member of the Nomination Committee of Hengan International. Mr. Sze has over 43 years of experience in manufacturing and distribution of fast moving consumer products. Mr. Sze is currently a Non-Executive Director of Qingqin Foodstuffs Group (Cayman) Company Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. (stock code : 1583).

Mr. Sze does not hold directorships in any other public companies and listed issuer in Malaysia. He is a director and indirect substantial shareholder of Hengan (Malaysia) Investments Company Limited, a major shareholder of the Company. Apart from that, he has no family relationship with any other Director and/or major shareholders of the Company and does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries except as disclosed in Note 36 of the audited financial statements for the financial year ended 31 December 2025 and Circular to Shareholders dated 27 April 2026.

Mr. Sze has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Mr. Sze attended three (3) out of five (5) Board meetings held during the financial year ended 31 December 2025.

MAJ GEN DATO' PAHLAWAN DR MOHANA DASS A/L RAMASAMY (RTD)

- Non-Independent Non-Executive Director
- Chairman of Risk Management Committee
- Member of Nomination Committee
- Member of Remuneration Committee

78 years old





Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) ("Dato' Mohana Dass") was appointed to the Board on 12 July 2023 as Non-Independent Non-Executive Director of the Company. Amongst his many qualifications, Dato' Mohana Dass holds a Master's in Health Planning of the University of New South Wales and is a Fellow of the Faculty of Occupational Medicine of the Royal College of Physicians of Ireland, and a Fellow of the Academy of Medicine of Malaysia. He served the Malaysian Armed Forces from 1975 to 2004, and retired as the Director General of the Armed Forces Health Services. Dato Mohana Dass is the Deputy Chairman of the Board of Governors of the University of Cyberjaya and Non-Executive Chairman of Eximius Medical Administration Solutions Sdn Bhd (eMAS).

Dato' Mohana Dass was an Independent Non-Executive Director of the Company since 3 April 2006 and he retired as Senior Independent Non-Executive Director on 25 May 2023 and re-appointed as Non-Independent Non-Executive Director on 12 Jul 2023.

Dato' Mohana Dass does not hold directorships in any other public companies and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Dato' Mohana Dass has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Dato' Mohana Dass attended all five (5) Board meetings held during the financial year ended 31 December 2025.

LOW GAY TECK

- Independent Non-Executive Director
- Chairman of Nomination Committee, Remuneration Committee and Long-Term Incentive Plan Committee
- Member of Audit Committee

61 years old





Mr. Low Gay Teck ("Mr. Low") was appointed to the Board on 13 April 2023 as an Independent Non-Executive Director. He holds a Bachelor of Civil Engineering from Footscray Institute of Technology (now known as Victoria University), Australia.

Currently, Mr. Low is the Managing Director of Land & General Berhad ("L&G"). He was appointed as Director of L&G on 15 October 2007 and was redesignated as the Managing Director of L&G on 1 January 2008. He is also a member of Risk Management Committee of L&G a committee member of the Tabung Amanah Land & General Berhad. Prior joining in L&G, he was with the Mayland Group since 1996. In 2002, he was appointed as Director of Mayland Group and assumed the position of Managing Director in 2005. He has been involved in property development and project management for the past 37 years, handling and implementing projects such as residential, commercial, shopping complex, hotel, golf course, condominium and serviced apartments.

Mr. Low sits on the Board of a few subsidiaries of L&G, several private limited companies and Wang-Zheng Berhad. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Mr. Low has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Mr. Low attended four (4) out of five (5) Board meetings held during the financial year ended 31 December 2025.

YAP PING HONG

- Independent Non-Executive Director
- Chairman of Audit Committee
- Member of Remuneration Committee, Risk Management Committee and Long-Term Incentive Plan Committee

44 years old





Mr. Yap Ping Hong ("Mr. Yap") was appointed to the Board on 13 April 2023 as an Independent Non-Executive Director. He is a member of the Association of Chartered Certified Accountants ("ACCA") since 2008 and a fellow of ACCA since 2013. He is also a chartered accountant of the Malaysian Institute of Accountants (MIA) and a professional member of The Institute of Internal Auditors Malaysia (IIA Malaysia).

Mr. Yap started his career with BDO Malaysia as an external auditor and subsequently joined the advisory department of BDO Malaysia where he was responsible for carrying out assignment relating to receivership and liquidation. He was an Associate Director of NGL Tricor Governance Sdn Bhd, where he led a team of internal auditors to provide internal audit services to public listed companies in Malaysia and Singapore.

Mr. Yap is one of the co-founders and presently a Director of One Finnacle Sdn Bhd, a company providing risk advisory, accounting and corporate services.

Mr. Yap is currently an Independent and Non-Executive Director of Optimax Holdings Berhad.

Mr. Yap has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Mr. Yap has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Mr. Yap attended all five (5) Board meetings held during the financial year ended 31 December 2025.

KINGTON TONG KUM LOONG

- Independent Non-Executive Director
- Member of Audit Committee, Nomination Committee, Risk Management Committee and Long-Term Incentive Plan Committee

56 years old





Mr. Kington Tong Kum Loong ("Mr. Kington Tong") was appointed to the Board on 13 April 2023 as an Independent Non-Executive Director. He holds a Bachelor of Law from King's College London, University of London and is a qualified barrister at law and a member of Grays Inn London.

Mr. Kington Tong has more than 32 years of experience in legal practice and is currently a Managing Partner of a commercial and corporate law firm, Kington Tan Dzul which he set up in 1996. He had previously practiced at Messrs. Shook Lin & Bok where he gained invaluable experience in commercial acquisitions and banking transactions. This specialisation continued at Kington Tan Dzul and he continues to count many leading developers and banking institutions in Malaysia as his clients. He has been involved in structuring and executing commercial and corporate mergers and acquisitions, strategic alliances and joint ventures in various industry groups which comprise development, property, construction, telecommunications and energy.

Mr. Kington Tong also advises local and foreign companies and investors on a wide variety of corporate matters including foreign investments, regulatory compliance, joint ventures and acquisitions of Malaysian businesses.

Mr. Kington Tong does not hold directorships in any other public companies and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Mr. Kington Tong has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Mr. Kington Tong attended all four (4) Board meetings held during the financial year ended 31 December 2025.

PROFILE OF
KEY SENIOR MANAGEMENT

YONG VOON FUI

- Group Accountant
- Director of Subsidiary Companies

57 years old





Mr. Yong Voon Fui ("Mr. Yong") has served as the Group Accountant of the Group since the end of 2009. On June 30, 2022, he was promoted and appointed as a Director of the Group's subsidiary companies in Malaysia. He leads the finance department and oversees the Group's financial management, taxation matters, investment portfolio, corporate governance, internal audit functions, risk management, sustainability, and general management. He was appointed as a Director of Wang-Zheng Singapore Pte. Ltd. in 2025.

Before this, Mr. Yong served as a Group Accountant at a Malaysian-listed company from 2008 to 2009. Between 1999 and 2004, he was the Finance and Administration Manager at a company listed on the OTC Bulletin Board (OTCBB) in the USA, where he was subsequently promoted to Chief Accounting Officer, serving in that role from 2005 to 2007. Earlier in his career, he worked as an Accounts Executive at a public listed company (PLC) listed on Bursa Malaysia from 1995 to 1996 and at another PLC listed on the Singapore Exchange (SGX) from 1996 to 1999. Prior to these roles, he was an Audit cum Accounts Supervisor at an audit firm from 1994 to 1995.

Mr. Yong is a Fellow of the Chartered Institute of Management Accountants (CIMA), United Kingdom, a member of the Chartered Global Management Accountants (CGMA), an Associate of CPA Australia (CPA Aust.), and a member of the Malaysian Institute of Accountants (MIA). He has extensive experience in financial and management accounting, taxation, corporate governance, internal audit, risk management, human resources, and general management.

Mr. Yong does not hold any directorships in other public companies or listed issuers in Malaysia. He has no family relationships with any Director and/or major shareholder of the Company and does not have any conflict of interest or potential conflicts, including interests in any competing businesses with the Company or its subsidiaries. Additionally, he has not been convicted of any offences (other than traffic offences, if applicable) in the past five years and has not been subject to any public sanctions or penalties by relevant regulatory bodies during the financial year ended 31 December 2025.

SOH LAY CHING

- Director of Modern Alpine Sdn Bhd

60 years old





Ms. Soh Lay Ching ("Ms. Soh") is a Director of our subsidiary company, Modern Alpine Sdn Bhd ("MA"). Upon graduating from College Tunku Abdul Rahman in 1986, she continued further study and obtained her LCCI Diploma from Systematic College in 1990. She worked as a Secretary to Managing Director of Paper Dealer Converter (Australian Paper Trading Company) from 1990 to 1995. Subsequently, she worked for Spicers Paper (Malaysia) Sdn Bhd as a Product Development Manager from 1995 to 2002. Ms Soh joined MA in 2002 where she is responsible for overseeing the whole operation activities of the Company, especially in Sales and Marketing, and Administration process. She was appointed as a Director of Wang-Zheng Singapore Pte. Ltd. in 2025.

Ms. Soh does not hold any directorships in any other public companies and listed issuers in Malaysia. She does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. She has not been convicted for any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

KHOO BENG KEONG

- Director and the Factory Manager of Quality Hero Corporation Sdn Bhd

60 years old





Mr. Khoo Beng Keong ("Mr. Khoo") is a Director and the Factory Manager of our subsidiary company, Quality Hero Corporation Sdn Bhd ("QHC"). Mr. Khoo obtained his Sijil Pelajaran Menengah in 1983. Upon graduation in 1984, he joined Delvaco (M) Sdn Bhd as a sales coordinator. In 1987, he left the company, and subsequently joined QHC as a factory manager. Mr. Khoo is responsible for overseeing the overall production of disposable baby and adult diapers, sanitary protection and tissue products of QHC. Mr. Khoo also involved in amongst others, production scheduling, material planning and quality control of the Company. He has attended various training programmers on operation the plant and machineries in Italy.

Mr. Khoo does not hold any directorships in any other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted for any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

Profile of Key Senior Management
(Cont'd)

ZHANG WENTONG

- General Manager of Wang-Zheng Corporation Sdn Bhd

44 years old





Mr. Zhang WenTong ("Mr. Zhang") was appointed as General Manager of our subsidiary company, Wang-Zheng Corporation Sdn Bhd ("WZC") on 1 November 2019. He graduated from University of Hua Qiao, P.R. China with a Professional in Marketing in 2002. Upon completion of his studies, Mr. Zhang joined Hengan Group as a Customer Relationship Manager. He was promoted to Sales Manager from 2005 to 2006. Subsequently, he served as Branch Operation Manager from 2006 to 2014. He was promoted to Sales General Manager from 2015 to 2016 and served as one of the Ameoba Sales Leaders in charge for sales activities from 2017 to 2018. Mr. Zhang overseeing the daily operations of WZC and is responsible for developing the sales and marketing network for the products of WZC.

Mr. Zhang does not hold any directorships in any other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted for any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

BI CHUANXIN

- CEO Assistant Cum R&D and General Manager of Quality Hero Corporation Sdn Bhd

57 years old





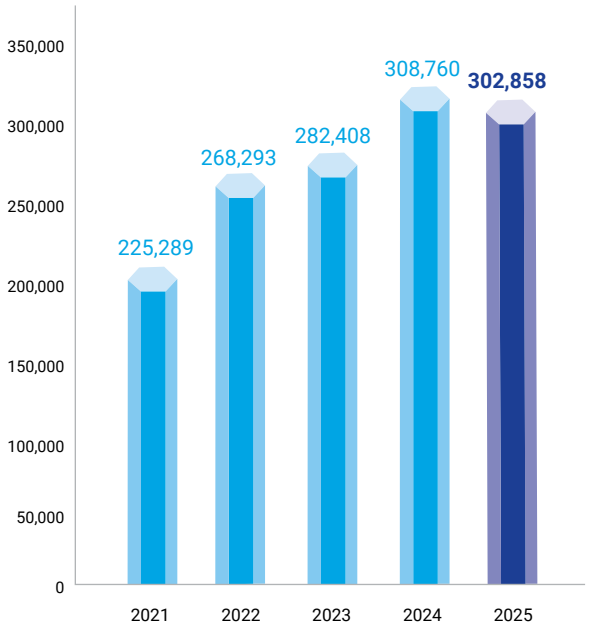
Mr.Bi ChuanXin ("Mr. Bi") was appointed as General Manager of our subsidiary company, Quality Hero Corporation Sdn Bhd ("QHC") on 1 Oct 2024. Subsequently, Mr. Bi was appointed as CEO assistant on 1 July 2023 to oversee the R&D and Quality. Upon completing his Mechatronics study from Huaiyin industrial Technology College, had 2 years of experience as quality Engineer in a state owner company, later Mr. Bi Jiont Foxconn in Shenzhen, worked as line leader, maintenance supervisor for 2 years, later went to Europe for setting up new factory in UK, Ireland, and Czeck Republic, and worked in Czeck Republic for 7 years as plant manager. In 2009, Mr Bi Joint Hengan as a CEO assistant to start leaning manufacturing project. In 2021 he was appointed as GM for Hengan Sanitory Material Factory. He joined Wang-Zheng Berhad in July 2023, and was appointed as a General Manager of QHC in 2024 to oversee the daily operations of QHC and is responsible for developing quality products for QHC.

Mr. Bi does not hold any directorships in any other public companies and listed issuers in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted for any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2025.

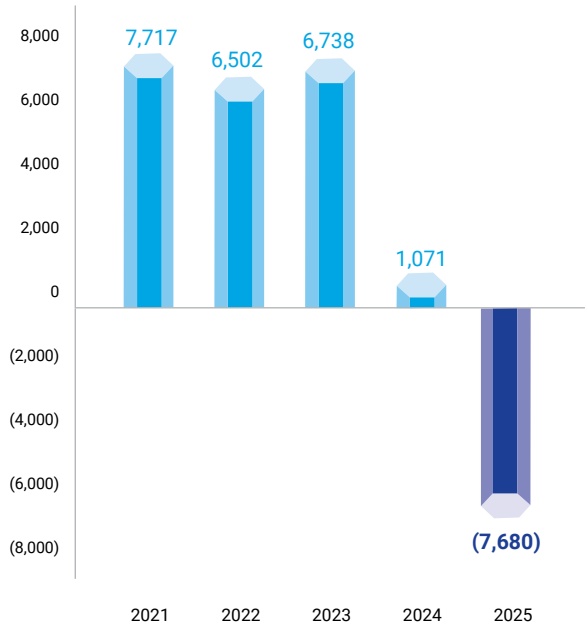
FINANCIAL HIGHLIGHTS

	2021 RM '000	2022 RM '000	2023 RM '000	2024 RM '000	2025 RM '000
Revenue	225,289	268,293	282,408	308,760	**302,858**
Profit/(Loss) after tax	7,717	6,502	6,738	1,071	**(7,680)**
Shareholder's equity	196,274	199,605	203,958	200,735	**192,539**
Earnings / (Loss) per share (sen)	4.87	4.10	4.25	0.67	**(4.80)**

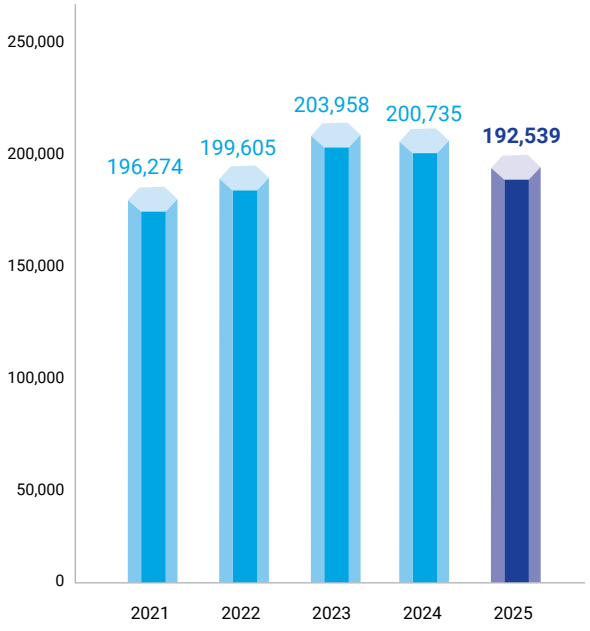
REVENUE
(RM'000)



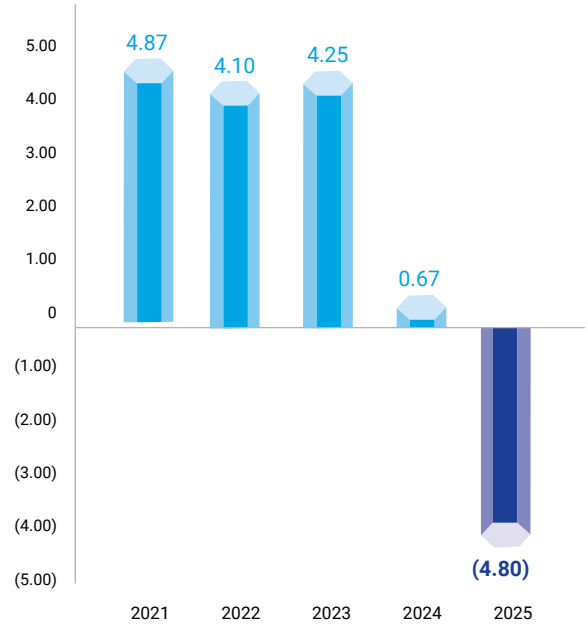
PROFIT/(LOSS) AFTER TAX
(RM'000)



SHAREHOLDER'S EQUITY
(RM'000)



EARNINGS / (LOSS) PER SHARE
(SEN)



EXECUTIVE CHAIRMAN CUM GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report and Financial Statements of Wang-Zheng Berhad for the financial year ended 31 December 2025.

The year under review was defined by a more demanding operating landscape, shaped by pricing pressures, evolving market dynamics and an isolated operational disruption arising from a fire incident at one of our subsidiaries. Against this backdrop, the Group remained focused on preserving business continuity, strengthening operational discipline and reinforcing its long-term strategic foundations.

For the financial year, the Group recorded revenue of RM302.9 million, representing a marginal decline of 1.9% compared to the preceding year, primarily due to pricing adjustments within the processed paper segment. The Group reported a loss before tax of RM8.3 million, largely attributable to the one-off impact of the fire incident. Excluding this exceptional event, the Group's underlying performance reflected a more competitive cost environment and continued investments to strengthen brand positioning and market reach.

Notwithstanding near-term pressures, the Group continued to execute on its strategic priorities. We advanced our market expansion initiatives, including the development of export markets, and strengthened our presence in the disposable fibre-based products segment. At the same time, we continued to enhance operational efficiency through targeted investments, including the expansion of our solar energy infrastructure, supporting both cost optimisation and greater energy resilience.

We view sustainability as an integral component of long-term value creation, embedded within our operating model rather than treated as a standalone agenda. Our approach focuses on improving resource efficiency, maintaining disciplined operations and strengthening governance practices to support sustainable business performance.

During the year, we continued to make measured progress across key sustainability priorities, including energy management, workforce development, responsible sourcing and community engagement. These efforts are guided by a pragmatic approach, ensuring that sustainability initiatives remain aligned with operational realities while contributing to long-term resilience and stakeholder value.

Governance remains central to our ability to execute effectively in a dynamic environment. We continue to uphold strong standards of business conduct, supported by appropriate internal controls, risk management practices and transparent disclosures. These foundations are critical in sustaining stakeholder confidence and enabling disciplined decision-making.

Looking ahead, the Group remains focused on strengthening its core businesses while pursuing selective growth opportunities. Our priorities include deepening market penetration, enhancing product competitiveness and continuing our digital and channel expansion strategies. At the same time, we will further strengthen our operational resilience and continue integrating sustainability considerations into our strategic and operational decision-making.

While the external environment is expected to remain competitive, we are confident that the Group's established distribution network, diversified product portfolio and disciplined execution will support our ability to navigate challenges and deliver sustainable long-term value.

On behalf of the Board, I would like to express our sincere appreciation to our employees, customers, business partners, shareholders and all stakeholders for their continued trust and support.

The Board and Management also wish to record our appreciation to Mr. Li Wai Leung following his resignation as Executive Director on 1 April 2026. We thank him for his contributions to the Group.

I would also like to extend my gratitude to my fellow Board members, management team and employees for their continued dedication and commitment. To our shareholders, thank you for your continued confidence in Wang-Zheng Berhad.

Yours sincerely,
HUI CHING CHI
Executive Chairman cum Group Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Wang-Zheng Berhad ("**Wang-Zheng**" or the "**Company**") specialises in the manufacturing, processing, and distribution of processed paper and disposable fibre-based products. The Company produces its own branded products, while also serving as an original equipment manufacturer ("**OEM**") for various local and international brands.

Originally, Wang-Zheng focused on the distribution and wholesale of fast-moving consumer goods. Through strategic leadership and effective resource management, the Company successfully built a strong nationwide distribution network. In 1994, Wang-Zheng expanded into the processed paper industry by investing in New Top Win Corporation Sdn. Bhd. ("**New Top Win**"). This diversification was further strengthened with the acquisition of Quality Hero Corporation Sdn. Bhd. ("**Quality Hero**"), allowing the Company to venture into the manufacturing of disposable fibre-based products. Collectively, Wang-Zheng and its subsidiaries operate as the "**Group**."

In 2017, Wang-Zheng entered a new phase of growth following the establishment of Hengan (Malaysia) Investments Company Limited, an indirect wholly owned subsidiary of Hong Kong-listed Hengan International Group Company Limited ("**Hengan**"). As a result, the Group undertook a comprehensive review of its manufacturing and administrative operations, implementing strategic adjustments to enhance efficiency. Established in 1985, Hengan is a leading industry player and now serves as Wang-Zheng's largest shareholder through Hengan (Malaysia) Investments Company Limited.

Processed Papers

The Group's core business encompasses the import, processing, and distribution of a wide range of paper products, including wood-free paper, art paper, and other specialty grades. These products primarily serve the local publishing and printing industries. Operations are conducted through the Group's subsidiaries, New Top Win and Modern Alpine Sdn. Bhd. ("**Modern Alpine**").

(a) New Top Win

Since its establishment in 1994, New Top Win has grown from a small paper trading company into one of Malaysia's leading importers, converters, and distributors of processed paper. Today, New Top Win is ranked among the top five paper importers, converters, and distributors in Malaysia.

New Top Win sources its paper in jumbo rolls or large sheets and customises them to meet customer specifications. To ensure supply chain resilience, it procures materials from both local and international suppliers.

New Top Win primarily serves large-scale printing and publishing enterprises, supplying processed papers used in the production of textbooks, magazines, and various printed materials.

(b) Modern Alpine

Founded in 2002, Modern Alpine has established itself as a premier stockist, mill representative, and paper converter. Its offers an extensive selection of globally recognised paper brands, sourced from leading paper mills worldwide.

Modern Alpine's product portfolio includes:

- Wood-Free Paper
- Art Paper
- Box Board
- One-Side & Two-Side Art Card
- Non-Carbonless Paper
- Sticker Paper
- Newsprint
- Colour Card & Colour Board
- Colour Wood-Free Paper
- Photocopy Paper
- Other Printing Grades

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Processed Papers (Cont'd)

Modern Alphine acts as a marketing and distribution channel for New Top Win. With a commitment to quality and customisation, Modern Alpine serves a diverse clientele, including commercial printers, publishers, converters, stationers, photocopy centres, and the packaging industry across Malaysia.

Disposable Fibre-Based Products

The Group specialises in the manufacturing and distribution of a diverse range of disposable fibre-based products designed to meet evolving consumer needs. Its product portfolio includes:

- Baby and adult diapers
- Tissue products
- Cotton jumbo rolls
- Facial cotton
- Cotton buds
- Other cotton-based items

To cater to varying customer preferences, the Group emphasises product differentiation through unique features, multiple packaging sizes, and quality standards. These operations are carried out by Wang-Zheng Corporation Sdn. Bhd. ("**Wang-Zheng Corporation**"), Quality Hero, Carefeel Cotton Industries (M) Sdn. Bhd. ("**Carefeel Cotton**"), and Wang-Zheng Singapore Pte. Ltd. ("**Wang-Zheng Singapore**").

(a) Wang-Zheng Corporation

Established on 14 December 1987, Wang-Zheng Corporation began as a small trading company specialising in fast-moving consumer goods. Over the years, it has expanded significantly, driven by strategic vision, strong management practices, and lasting customer relationships, and has evolved to become the principal marketing arm of Wang-Zheng Berhad.

With a dedicated sales team of over 30 professionals, Wang-Zheng Corporation focuses primarily on disposable fibre-based products. Most of these products are sourced from its sister companies, Quality Hero and Carefeel Cotton.

Wang-Zheng Corporation markets its products under both proprietary brands and OEM partnerships, with the majority of revenue derived from its in-house brands. The main in-house brands, known for their premium-quality and strong reputation among Malaysian consumers, include:

- P. Love – Adult diapers and pants
- Carina – Cotton and tissue products

In addition to proprietary brands, Wang-Zheng Corporation distributes a wide range of well-established brands across a vast network, including hypermarkets, supermarkets, pharmacies, medical halls, department stores, and personal care outlets.

Operating in a highly competitive industry, Wang-Zheng Corporation focuses on affordability and accessibility while maintaining high-quality standards. Guided by an experienced and innovative management team, it is positioned to further strengthen its presence as a leading provider of disposable fibre-based products, offering "Quality Products for Better Living."

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Disposable Fibre-Based Products (Cont'd)

(a) Wang-Zheng Corporation (Cont'd)



(b) Quality Hero

Founded in 2000, Quality Hero specialises in the manufacturing of baby diapers, adult diapers, and tissue products others.

Its products are principally marketed by Wang-Zheng Corporation for distribution in the local market, and Wang-Zheng Singapore for distribution in the Singapore market. Locally, the products under the brand of Carina and P. Love are available in major hypermarkets, supermarkets, sundry shops, retail outlets, and chain stores across Malaysia. In addition, its owns baby diapers and pants carried under Cheris brand started to export to Papua New Guinea since the fourth quarter of 2024, while Quality Hero also engages in OEM production for local and international customers.

Quality Hero has established strong international trade relationships, primarily to Papua New Guinea, and the remainder to other countries in Asia and Mauritius.

It maintains rigorous quality control standards and regularly updates its technology to ensure superior product quality. It exclusively uses high-grade raw materials, and its modern, energy-efficient machinery helps minimise waste and environmental impact. Quality Hero holds ISO 9001:2000 and ISO 14001:2004 certifications, reflecting its commitment to quality management and environmental sustainability.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS (CONT'D)

Disposable Fibre-Based Products (Cont'd)

(c) Carefeel Cotton

Established in 1993, Carefeel Cotton is a leading cotton product manufacturer in Malaysia with its products are widely available across major retail channels, including hypermarkets, supermarkets, department stores, and pharmacies.

Under the Carina brand, as well as through strategic OEM partnerships with leading international pharmacy chains and personal care retailers, Carefeel Cotton exports products to various regions, including Asia.

On 30 June 2025, a fire incident occurred at the factory and warehouse of Carefeel Cotton in Rawang, Selangor. Following the incident, the Group took immediate steps to restore operations, including the procurement of new machinery. The machinery has been installed at an existing warehouse in Johor and is currently undergoing testing and commissioning, with full operational capacity expected by the second quarter of 2026.

(d) Wang-Zheng Singapore

On 22 July 2025, Wang-Zheng incorporated a new wholly-owned subsidiary, Wang-Zheng Singapore, as part of its strategic initiative to strengthen its regional presence and expand its distribution network in Singapore.

The principal activities of Wang-Zheng Singapore encompass the marketing, distribution, and trading of a broad range of personal healthcare, hygiene, household, and processed paper products, as well as related services. These activities are conducted through both online and offline channels to enhance market reach and accessibility.

Currently, Wang-Zheng Singapore focuses on the distribution and marketing of disposable fibre-based products in the Singapore market via e-commerce platforms, including Lazada, Shopee and TikTok. The products are procured from Quality Hero, leveraging the Group's integrated supply chain and manufacturing capabilities to ensure consistent product quality and supply reliability.

Moving forward, Wang-Zheng Singapore intends to progressively expand its distribution footprint into offline retail channels, including hypermarkets, supermarkets, and other retail outlets. This expansion is expected to enhance brand visibility, broaden customer reach, and support the Group's long-term growth strategy in the Singapore market.

OVERVIEW

Wang-Zheng, together with its subsidiaries, has established itself as a key player in the processed paper and disposable fibre-based products industries. Through strategic expansion, quality-driven operations, and strong market positioning, the Group continues to serve diverse consumer needs both locally and internationally.

With a focus on innovation, sustainability, and customer satisfaction, Wang-Zheng remains committed to:

- Enhancing its product offerings
- Optimising operational efficiency
- Expanding its global footprint

As the Group evolves, it is well-positioned to strengthen market leadership and deliver high-quality, affordable solutions that improve everyday living.

Operational Updates

Global economic growth moderated in 2025 amid persistent trade tensions, tariff recalibrations, and cautious business sentiment. Although some earlier tariff escalations were eased through subsequent agreements, volatility continued to influence global supply chains and commodity markets. Temporary factors that supported activity in early 2025, including front-loaded demand, gradually tapered off as the year progressed.

According to the International Monetary Fund ("**IMF**"), global growth in 2025 was estimated at 3.3%, broadly in line with the 3.3% recorded in 2024, amid evolving trade and policy dynamics.

(Source : https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026)

Despite the softer global growth environment, demand for disposable fibre-based products including tissue paper, baby diapers, adult incontinence products, sanitary products, and cotton-based personal care items remained structurally resilient. These products are essential consumer staples, supported by population growth, rising hygiene awareness, urbanisation, and demographic shifts. As a result, demand for such products generally exhibits lower sensitivity to economic cycles compared to discretionary goods.

Domestically, Malaysia's economy demonstrated resilience in 2025. Supported by sustained household spending, continued private and public sector investments, and government-led development initiatives, Malaysia's GDP expanded by 5.2% in 2025 (2024: 5.1%). Ongoing industrial activity and infrastructure development provided a stable operating environment for the Group's domestic operations.

(Source: https://www.bnm.gov.my/-/qb25q4_en_pr)

Reflecting this economic backdrop, demand for disposable fibre-based products in Malaysia remained stable, driven by population growth, urbanisation, and heightened hygiene awareness. However, at the same time, competition in the domestic market intensified, with both local and international players actively promoting their brands, leading to increased marketing and distribution efforts.

The sector also continues to face cost pressures arising from raw material volatility, particularly fluctuations in pulp prices, packaging materials, freight costs, and foreign exchange movements. These factors influence input costs and margin dynamics, particularly for manufacturers dependent on imported materials.

Similarly, the processed paper segment remains exposed to global pulp and paper price volatility. Prices of wood-free paper, art paper, and specialty grades are influenced by shifts in global supply-demand conditions, energy costs, logistics expenses, and currency movements. Given Malaysia's reliance on imported pulp and selected finished paper grades, cost fluctuations may impact margins, especially when selling prices adjust at a slower pace than input costs.

The Group's processed paper segment primarily serves Malaysia's publishing, commercial printing, advertising, and corporate sectors. Accordingly, performance in this segment remains closely aligned with domestic economic conditions and business sentiment.

OVERVIEW (CONT'D)

Operational Updates (Cont'd)

Given this backdrop, demand for commercial printing materials, marketing collaterals, educational publications, and corporate documentation continued to support baseline consumption of wood-free and art paper products.

In this evolving landscape, Wang-Zheng Berhad remains well-positioned to leverage its established distribution network, diversified product portfolio, and long-standing relationships with local printers and publishers. Through product differentiation, supply chain optimisation, and disciplined inventory management, the Group continues to enhance competitiveness in its processed paper segment.

For the financial year ended 31 December ("**FYE**") 2025, the Group recorded a 1.9% decline in revenue, decreasing by RM5.9 million from RM308.8 million in FYE 2024 to RM302.9 million in FYE 2025. The reduction was primarily attributable to lower average selling prices within the processed paper products segment.

Notwithstanding the lower revenue, gross profit ("**GP**") increased by RM1.9 million or 7.0%, rising from RM27.0 million to RM28.9 million. Gross profit margin improved from 8.8% to 9.5%, reflecting improved cost management, product mix optimisation, and operational efficiencies.

However, the Group reported a loss before tax ("**LBT**") of RM8.3 million in FYE 2025, primarily due to an unfortunate fire incident at the factory and warehouse of its wholly owned subsidiary, Carefeel Cotton located in Rawang, Selangor on 30 June 2025. The incident resulted in write-offs of inventories and property, plant and equipment amounting to RM11.6 million. Insurance compensation of RM3.6 million, together with proceeds from scrap sales of RM0.8 million and a gain on lease termination of RM0.2 million, were recognised in relation to the fire incident. The Company is still in the process of finalising the balance of insurance claims with the insurance providers.

Excluding the impact of the fire incident, the Group would have recorded an estimated LBT of approximately RM1.3 million, compared with a profit before tax of RM3.1 million in FYE 2024. The lower underlying performance was mainly attributable to increased marketing and distribution expenses, driven by e-commerce platform fees and advertising costs, as the Group focuses on promoting its in-house brands.

Recognising the challenging and competitive operating environment, the Group remained proactive in implementing strategic initiatives to preserve financial stability and operational efficiency. Emphasis was placed on value engineering, disciplined cost management, and operational optimisation to mitigate material cost volatility and competitive pressures. Through prudent financial stewardship and continuous improvement efforts, the Group remains committed to strengthening resilience and delivering sustainable long-term growth.

YEAR-ON-YEAR FINANCIAL REVIEW

Below are the key highlights of our financial performance and position indicators for FYE 2025 and FYE 2024:

Our financial performance	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance RM'000	Variance %
Revenue	302,858	308,760	-5,902	-1.9
Gross profit ("**GP**")	28,920	27,034	1,886	7.0
PBT	-8,329	3,052	-11,381	-372.9
Profit after tax ("**PAT**")	-7,680	1,071	-8,751	-817.1
GP margin (%)	9.5%	8.8%		0.7
PBT margin (%)	-2.8%	1.0%		-3.8
PAT margin (%)	-2.5%	0.3%		-2.8

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Revenue by product segment	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance RM'000	Variance %
Processed paper products	219,978	240,300	-20,322	-8.5
Disposable fibre-based products	82,880	68,460	14,420	21.0
Revenue	**302,858**	**308,760**	**-5,902**	**-1.9**

Revenue by geographical segment	Audited FYE 2025 RM'000	Audited FYE 2024 RM'000	Variance RM'000	Variance %
Malaysia	261,745	293,625	-31,880	-10.9
Asia (other than Malaysia)	5,354	7,855	-2501	-31.8
Africa (Mauritius)	1,239	4,233	-2,994	-70.7
Oceania (Papua New Guinea)	34,520	3,047	31,473	1,032.9
Revenue	**302,858**	**308,760**	**-6,143**	**-2.0**

Revenue

For FYE 2025, the Group recorded a slight decrease in revenue of 1.9%, declining from RM308.8 million in FYE 2024 to RM302.9 million, representing a year-on-year ("**YoY**") reduction of RM5.9 million.

The decrease was primarily driven by the processed paper products segment, which saw a reduction of 8.5% or RM20.3million. This decline was largely attributable to lower average selling prices and heightened competition. Despite this decrease, processed paper remained the Group's largest revenue contributor, accounting for 72.6% of total revenue in FYE 2025, down from 77.8% in FYE 2024.

Conversely, the disposable fibre-based products segment experienced a 21.0% increase in revenue, or RM14.4 million, primarily due to expansion into Papua New Guinea, which contributed RM31.5 million increase in export sales.

Domestic sales continued to form the majority of the Group's revenue, contributing 86.4% of total revenue in FYE 2025, compared to 95.1% in FYE 2024. The decline in domestic proportion reflects the Group's successful entry into new export markets.

Gross Profit

Despite the marginal decline in revenue, the Group's GP increased by RM1.9 million, or 7.0%, from RM27.0 million in FYE 2024 to RM28.9 million in FYE 2025.

This improvement was primarily driven by a higher gross profit margin, which rose by 0.7 percentage points YoY, reflecting effective cost management, optimisation of product mix, and enhanced operational efficiencies across the Group's operations.

The Group remains committed to value engineering, cost discipline, and operational optimisation, ensuring sustained profitability and financial resilience in a challenging market environment.

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Loss before tax

The Group reported a LBT of RM8.3 million in FYE 2025, primarily due to an unfortunate fire incident at the factory and warehouse of its wholly-owned subsidiary, Carefeel Cotton, in Rawang, Selangor, on 30 June 2025. The fire led to inventory and property, plant, and equipment write-offs of RM11.6 million, partially offset by recognised insurance compensation of RM3.6 million, proceeds from scrap sales of RM0.8 million and a gain on lease termination of RM0.2 million.

Excluding the impact of this fire incident, the Group's underlying performance would have reflected an estimated LBT of approximately RM1.3 million, slightly lower than the profit before tax of RM3.1 million recorded in FYE 2024. The reduction was mainly due to higher marketing and distribution expenses, driven by e-commerce platform fees and advertising costs, as the Group focuses on promoting its in-house brands.

Loss after tax / Loss net of tax attributable to the equity holders of the Company ("Net Loss")

As a result of the LBT, the Group recorded a net loss of RM7.7 million, compared with a net profit of RM1.1 million in FYE 2024.

Accordingly, the Group's basic loss per share for FYE 2025 was 4.80 sen, compared with basic earnings per share of 0.67 sen in FYE 2024.

	Audited 31.12.2025	Audited 31.12.2024	Variance	
Our financial position	RM'000	RM'000	RM'000	%
Non-current assets	58,334	59,407	-1,073	-1.8
Current assets	204,789	239,642	-34,853	-14.5
Non-current liabilities	1,831	207	1,624	784.5
Current liabilities	68,752	98,106	-29,354	-29.9
Equity attributable to owners of the Company	192,540	200,736	-8,196	-4.1

Assets

As of 31 December 2025, the Group's non-current assets comprising right-of-use ("**ROU**") assets, property, plant and equipment ("**PPE**"), investment properties, deferred tax assets, and other receivables declined slightly to RM58.3 million, compared with RM59.4 million in the previous year.

The movement was primarily due to the write-offs of PPE totalling RM5.7 million due to the fire incident, depreciation and amortisation charges on PPE and ROU assets of RM5.1 million as well as transfer of investment properties to ROU of RM0.5 million. Offsetting these reductions were investments in ROU assets and capital expenditure on PPE, amounting to RM3.3 million and RM6.4 million, respectively. These investments were largely directed towards, as well as the rental of a new warehouse at Klang by New Top Win, which increased ROU assets.

Meanwhile, the Group's current assets, including inventories, trade and other receivables, fixed deposits, and cash and bank balances, decreased from RM239.6 million in FYE 2024 to RM204.8 million in FYE 2025. This decline was primarily driven by:

- Reductions in cash and bank balances and fixed deposits totalling RM18.7 million, and
- A decrease in inventories of RM10.9 million, largely due to the fire incident and adjustments in working capital.

Further details on cash movements and liquidity management are provided in the "Liquidity, Capital Resources, and Gearing" section.

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Liabilities

As of 31 December 2025, the Group's non-current liabilities, which primarily consist of lease obligations, increased to RM1.8 million, up from RM4K in the previous year. This rise was mainly due to higher lease liabilities corresponding with the increase in right-of-use assets, as noted in the non-current assets section.

On the other hand, current liabilities, which primarily comprise trade and other payables as well as short-term borrowings, decreased significantly by RM29.3 million or 29.9%, from RM98.1 million in the prior year to RM68.8 million as of 31 December 2025. The reduction was largely driven by:

- A RM22.4 million decrease in short-term bank borrowings and hire purchase payables, and
- A RM6.5 million reduction in trade and other payables, reflecting lower cost of goods sold and effective working capital management.

Overall, the decline in current liabilities, coupled with a manageable increase in non-current obligations, underscores the Group's disciplined approach to debt management and its focus on maintaining a stable financial position.

Liquidity, capital resources and gearing

Our cash flow from/ (used in)	Audited As at 31 December 2025 RM'000	Audited As at 31 December 2024 RM'000	Variance RM'000	Variance %
Operating activities	11,010	10,148	862	8.5
Investing activities	-5,463	-14,494	9,031	62.3
Financing activities	-24,038	-25,089	1,051	4.2
Net changes in cash and cash equivalent	-18,491	-29,435	10,944	37.2
Effects of changes in exchange rate	-215	-73	-142	-194.5

As of 31 December 2025, the Group's cash and cash equivalents declined by RM18.7 million, comprising cash and bank balances, as well as fixed deposits with licensed banks maturing between 30 to 90 days. Cash and bank balances decreased slightly by RM0.6 million, from RM38.2 million in 2024 to RM37.6 million, while fixed deposits fell by RM18.1 million over the same period.

The Group generated a positive cash flow before working capital changes of RM9.8 million. Changes in working capital were largely neutral, resulting in no material impact on cash flow, driven by:

- A reduction in inventories of RM4.6 million
- A decrease in trade and other receivables of RM3.0 million, in line with revenue movement
- A decrease in trade and other payables of RM7.6 million, reflecting lower cost of goods sold

After accounting for income tax payments of RM2.2 million, interest payments of RM2.3 million, partially offset by interest income of RM2.3 million and a tax refund of RM3.3 million, the Group recorded a net cash inflow of RM11.0 million from operating activities in FYE 2025.

Investing activities resulted in a net cash outflow of RM5.5 million, mainly due to capital expenditure on property, plant, and equipment.

YEAR-ON-YEAR FINANCIAL REVIEW (CONT'D)

Liquidity, capital resources and gearing (Cont'd)

Financing activities recorded a net cash outflow of RM24.0 million, driven by:

- RM22.4 million net repayment of hire purchase payables and bank borrowings
- RM0.8 million repayment of lease liabilities
- RM0.8 million in dividend payments

Despite a challenging business environment, the Group continues to maintain a prudent approach to cash management, The gearing ratio is less than zero as the Group has excess cash and cash equivalent over total debt.

Operations are funded through a combination of internal sources, primarily shareholders' equity and cash generated from operations, and external sources, including bank borrowings and supplier credit terms of 30 to 90 days.

With strong cash reserves, adequate bank balances, and projected operational cash flows, Management is confident in the Group's ability to meet both current and foreseeable operational needs. Barring unforeseen developments, no significant trends or events are expected to materially affect operations, financial performance, or liquidity.

As part of its strategic expansion plans, the Group has also entered into a capital commitment agreement of RM4.1 million, reinforcing its commitment to long-term growth.

REVIEW OF OPERATING ACTIVITIES

Processed Paper Products Segment

Revenue from the processed paper products segment declined to RM220.0 million in FYE 2025, down from RM240.3 million in FYE 2024, representing a YoY decrease of RM20.3 million or 8.5%. The decline was primarily driven by lower average selling prices and intensified market competition.

The Group's processed paper products, which include wood-free paper, art paper, and specialty grades, are exclusively distributed within Malaysia, serving local publishing and printing companies. Domestic sales accounted for 100% of revenue in this segment.

Despite a resilient domestic economy in 2025, supported by steady household spending, ongoing private and public sector investments, and government-led development initiatives, the segment remains exposed to global pulp and paper price volatility. Factors such as shifts in international supply-demand conditions, energy costs, logistics expenses, and currency movements continue to influence pricing and margins.

Disposable Fibre-Based Products Segment

The disposable fibre-based products segment recorded RM82.9 million in revenue for FYE 2025, an increase from RM68.5 million in FYE 2024, representing a YoY growth of RM14.4 million. This growth was largely supported by geographical expansion into Papua New Guinea, particularly our in-house baby diapers and pants carried under the brand of Cheris, which contributed RM31.5 million increase in export sales.

Within this segment, 81.1% of revenue is derived from the Group's in-house brands, while the remaining 18.9% comes from OEM operations, reflecting the Group's strategic focus on strengthening its in-house brand portfolio.

The segment caters to both domestic and international markets, including above-mentioned Papua New Guinea, other Asian countries, and Mauritius, offering a range of products such as baby and adult diapers and pants, tissue products, and other cotton-based items.

Revenue growth reflects the Group's focus on market diversification, product differentiation, and strategic distribution, while demand from both local and international consumers continues to drive the segment's performance.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

Corporate Exercise

On 22 July 2025, Wang-Zheng incorporated a new wholly-owned subsidiary, Wang-Zheng Singapore. A Certificate Confirming Incorporation of Company for Wang-Zheng Singapore was issued by the Accounting and Corporate Regulatory Authority (**ACRA**) on the same date.

Wang-Zheng Singapore was initially incorporated with an issued share capital of SGD1.00, comprising 1 ordinary share of SGD1.00, and is fully owned by Wang-Zheng. on 31 October 2025, the issued share capital was increased to SGD500,000 to support the subsidiary's operational and expansion plans.

The principal activities of Wang-Zheng Singapore include marketing, distributing, and trading a wide range of personal healthcare, hygiene, household products, processed paper products, and related services, operating through both online and offline channels.

The incorporation of Wang-Zheng Singapore represents a strategic step in Wang-Zheng's regional expansion, enabling the Group to establish a presence in Singapore, access new markets, and strengthen its distribution network in Southeast Asia. This move is expected to enhance cross-border trade, expand the Group's customer base, and support long-term growth objectives in FYE 2026 and beyond.

RISK PROFILES

We highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below: -

(i) Business risks

Our Group is principally involved in the manufacturing and distribution of fibre-based products, which include disposable adult and baby diapers, sanitary protection and tissue products, cotton products as well as processed papers.

Hence, we are susceptible to the risks inherent to the manufacturing and consumer goods industries. These include, amongst others, any outbreaks of diseases affecting local and global markets, rising costs of labour and raw materials, availability of skilled personnel, changes in laws and regulations applicable to our business, business and credit conditions as well as fluctuations in foreign exchange rates. There can be no assurance that any material changes to these factors will not have a material adverse effect on the business operations of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

(ii) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities such as disruption in electricity supply, failure or damage of production machinery or other disruptions to our manufacturing processes due to any outbreaks of diseases including pandemics may have an adverse effect on our Group's business and financial performance.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored, and our production machineries undergo scheduled maintenance.

RISK PROFILES (CONT'D)

(iii) Credit risks

The Group assessed the potential credit risk arising from the slowdown in the collection of payments and concluded that the Group would not be affected by credit concentration risk to Papua New Guinea customers and the expected credit loss of financial assets as the collections have been improving.

(iv) Foreign exchange risks

Our products are sold locally as well as in Papua New Guinea, other Asian countries, and Mauritius. We also purchase raw materials from suppliers in Indonesia, China and Japan. As such, we are exposed to foreign exchange risks. There is no assurance that any foreign exchange fluctuation will not have an adverse impact on our earnings.

Although we do not actively hedge our Group's foreign currency exposure, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency, exposure period and transaction costs. For FYE 2025, our Group has not encountered any significant foreign currency exchange fluctuation that has resulted in material adverse impact on our Group's financials.

(v) Competition risks

The Group's revenue and profitability are exposed to the risk of uncertainty arising from global and local economic conditions. Furthermore, we continue to face competition from existing and new competitors who may be capable of offering similar products. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

Nevertheless, our Group strives to maintain our competitive edge by ensuring the quality of our products through stringent quality assurance procedures. We also continuously place importance on improving our products by investing in market research and product development activities.

FORWARD-LOOKING STATEMENT

Global economic growth is expected to remain steady at approximately 3.3% in 2026. While challenges such as shifting trade policies, geopolitical tensions, and currency volatility persist, these may be partly offset by ongoing investments in technology, supportive fiscal and monetary policies, and the adaptability of the private sector.

(Source : https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026)

The global market for disposable fibre-based products including tissue paper, baby diapers, adult incontinence products, sanitary products, and cotton-based personal care items is expected to maintain steady growth in 2026, driven by long-term structural demand and evolving consumer trends.

The global disposable hygiene products market was estimated at USD 240.62 billion in 2025 and is projected to reach USD 354.82 billion by 2033, growing at a CAGR of 5.0% from 2026 to 2033. This growth is underpinned by a global shift in consumer behaviour towards health, cleanliness, and disease prevention.

(Source : https://www.grandviewresearch.com/industry-analysis/disposable-hygiene-products-market-report)

Within this market, baby diapers accounted for the largest share in 2025, supported by urbanisation, dual-income households, and ongoing product innovations that improve absorbency and comfort. Meanwhile, the adult diapers market is projected to exceed USD 22.4 billion by 2026, driven by the ageing population and increasing awareness of incontinence care needs.

(Source : https://www.futuremarketinsights.com/reports/adult-diapers-market)

FORWARD-LOOKING STATEMENT (CONT'D)

Domestically, Malaysia's economy is projected to remain resilient in 2026, with GDP growth expected between 4.0% and 4.5%, underpinned by multi-year investment projects, initiatives under national master plans and the Thirteenth Malaysia Plan (13MP), as well as sustained demand in the electrical and electronic sector. Public infrastructure development, utilities upgrades, and expansion in transportation and telecommunications are also expected to create a supportive operating environment. Meanwhile, the tourism recovery under Visit Malaysia Year 2026 may indirectly stimulate broader economic activity, collectively enhancing industrial activity and trading demand.

(Source: https://www.bnm.gov.my/-/qb25q4_en_pr)

Within this context, demand in the Malaysian market for disposable fibre-based products is expected to remain positive, supported by population growth, urbanisation, and heightened hygiene awareness. Competition in the domestic market is likely to remain intense, with both local and international players promoting their brands, driving higher marketing and distribution activities.

The industry is expected to continue facing input cost pressures, including fluctuations in pulp and fibre prices, energy costs, logistics rates, and foreign exchange movements. Manufacturers are likely to prioritise procurement optimisation, supply chain resilience, and value engineering to maintain margins and offset cost pressures.

For Wang-Zheng, expansion into new export markets, including Papua New Guinea and regional economies, supports revenue diversification beyond Malaysia. By strategically focusing on strengthening its in-house brands both domestically and overseas, alongside product innovation, strategic pricing, and supply chain efficiency, the Group is well-positioned to remain competitive and capitalise on growing global demand for high-quality, differentiated disposable fibre-based products.

The domestic market for processed paper products including wood-free paper, art paper, and specialty grades is expected to remain stable in 2026, underpinned by sustained demand from the publishing, commercial printing, advertising, and corporate sectors. Malaysia's paper and printing industry continues to demonstrate resilience, supported by ongoing investments in production technology, eco-friendly materials, and value-added paper products

(Source : https://www.mida.gov.my/industries/manufacturing/paper-printing-and-publishing)

The processed paper industry, however, continues to face challenges from global price volatility, particularly in pulp and specialty paper markets, which can significantly affect cost structures and profit margins. Malaysia's reliance on imported pulp, combined with fluctuations in energy, logistics, and foreign exchange costs, exposes producers to ongoing input cost pressures. Intense competition further constrains the ability to fully pass on these cost increases, creating additional margin pressures for industry players.

In response to these challenges, Wang-Zheng remains focused on strategic sourcing, operational efficiency, and value engineering, while maintaining prudent inventory management and cost optimisation practices. Through these initiatives, the Group is well-positioned to manage market fluctuations, sustain competitiveness, and continue serving Malaysia's publishing, commercial printing, advertising, and corporate sectors effectively.

Building upon its strong foundation in fibre-based and processed paper products, Wang-Zheng will pursue strategic expansion initiatives, including strengthening its distribution network and broadening its market presence across Northern and Southern Peninsular Malaysia to enhance product visibility and accessibility. The Group is also exploring opportunities in Southeast Asia, leveraging its expertise to penetrate new markets. In line with this strategy, a wholly owned subsidiary, WZSPL, was incorporated in FYE 2025 to tap regional markets.

FORWARD-LOOKING STATEMENT (CONT'D)

Alongside geographic expansion, the Group remains committed to optimising its product portfolio and strengthening its in-house brands, including P. Love and Carina. By evaluating its existing offerings, Wang-Zheng will streamline underperforming products and focus resources on high-demand, high-margin items, enhancing both profitability and competitiveness.

Digital marketing and e-commerce platforms, including TikTok, Instagram, Lazada, and Shopee, will be pivotal in strengthening the in-house brand positioning and reaching new customers. This digital presence aims to counter increased competition from Chinese online entrants, ensuring Wang-Zheng maintains visibility and accessibility for its fibre-based products.

Finally, ongoing investments in technology and automation are central to the Group's strategy. Upgrading production processes with state-of-the-art machinery will improve efficiency, minimise waste, and enhance output, reinforcing Wang-Zheng's ability to adapt to evolving market demands.

By balancing growth, operational efficiency, and financial prudence, Wang-Zheng is confident in its ability to deliver sustainable long-term success while continuing to provide high-quality, differentiated products to its customers.

DIVIDEND

No dividend has been declared for FYE 2025 as a result of the net loss incurred following the unfortunate fire incident at Carefeel Cotton, a wholly-owned subsidiary of the Group. This incident had a significant financial impact, including the write-off of inventories and property, plant, and equipment.

The Group remains committed to preserving cash flow, maintaining financial prudence, and supporting operational recovery in the aftermath of this unforeseen event. While dividend payments are temporarily suspended, the Board continues to prioritise stabilising the Group's operations, strengthening liquidity, and executing strategic initiatives aimed at restoring profitability.

Management remains confident that, as the business recovers and returns to sustainable profitability, the Group will be in a position to reinstate regular dividend distributions. The commitment to delivering long-term shareholder value continues to guide our financial and operational decisions, ensuring that future returns remain consistent and sustainable.

CORPORATE SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

Reporting Period, Scope and Boundaries

This Sustainability Statement provides stakeholders with an overview of Wang-Zheng Berhad's sustainability approach, priorities, initiatives and selected performance data for the financial year ended 31 December 2025 ("FY2025"). Unless otherwise stated, the disclosures presented in this Statement relate to FY2025. The Statement is published annually in line with the Group's financial year.

Unless otherwise specified, the scope of this report covers Wang-Zheng Berhad and its operations in Malaysia. The report focuses on sustainability matters that are relevant to the Group's business activities, stakeholders and long-term value creation.

Assurance

This report has been subject to independent external assurance and review through a limited assurance engagement conducted by an external party on certain selected sustainability indicators for the financial year ended 31 December 2025. The assurance was performed to determine whether these indicators have been prepared, in all material respects, in accordance with the Group's defined reporting methodologies and, where relevant, the Bursa Malaysia Securities Berhad Listing Requirements.

Feedback

We welcome feedback from our stakeholders as we continuously strive to improve our sustainability disclosures and practices. Any comments and queries may be addressed to:

Tel:03-78013333
Email:info@wangzhengcorp.com
Address:Wang-Zheng Berhad 200301009817 (612237-K)
No.1, Jalan Utarid U5/19, Section U5,
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

Reporting Guidelines, Frameworks, Standards and Sustainability-related References

This report has been prepared in accordance with the Bursa Malaysia Main Market Listing Requirements and with reference to relevant reporting frameworks, standards and sustainability-related guidance, where applicable, including the following:

• Global Goals
- United Nations Sustainable Development Goals (SDGs)

• Reporting Frameworks and Standards
- Malaysian Code on Corporate Governance (MCCG)
- Global Reporting Initiative (GRI) Standards 2021
- IFRS S2 Climate-related Disclosures
- Task Force on Climate-related Financial Disclosures (TCFD)

Board of Directors' Approval

The Board acknowledges its responsibility for the integrity of this Sustainability Statement and believes that the information presented provides a fair and balanced account of Wang-Zheng Berhad's sustainability-related disclosures for the year under review.

Forward-Looking Statements

This report may contain forward-looking statements relating to future plans, expectations and initiatives. These statements are based on current assumptions and information available at the time of preparation.

2025 SUSTAINABILITY HIGHLIGHTS

Selected publication-ready metrics for visual presentation

RM308.8 mil
Revenue

364
Employees

47.0%
Spending on local suppliers

5,673.992 MWh
Total energy consumption

26.856 Megalitres
Total water used

55.619 t
Waste diverted from disposal

2,252 hrs
Employee training hours

88
Employees trained on health and safety

RM10,065
Community investment

187
Community beneficiaries

CORPORATE STRUCTURE AND OPERATING FOOTPRINT

Subsidiary / entity	Primary role in the Group
Wang-Zheng Corporation Sdn. Bhd.	Principal marketing and trading arm for FMCG and fibre-based products
Quality Hero Corporation Sdn. Bhd.	Manufactures and distributes diapers, sanitary napkins and tissues
Carefeel Cotton Industries (M) Sdn. Bhd.	Manufactures and distributes facial cotton and other cotton related products
New Top Win Corporation Sdn. Bhd.	Imports, process and trading of paper
Modern Alpine Sdn. Bhd.	Trading and processing in papers and related products
Wonderful Eden Sdn. Bhd.	Dormant
Wang-Zheng Hong Kong Trading Co. Limited	Importing, exporting, trading and procurement of personal hygiene products and paper products as well as providing services of sales and marketing, and supply chain management
Wang-Zheng Singapore Pte. Ltd.	Wholesale of personal effects products

2. SUSTAINABILITY GOVERNANCE AND OVERSIGHT

The Group's sustainability governance is integrated into its broader corporate governance framework, the Board of Directors holds ultimate accountability for sustainability direction, material matters and oversight of climate-related risks and opportunities.

The Audit Committee monitors risk management and internal control systems, including sustainability-related matters, while a Corporate Sustainability Committee ('CSC') chaired by the Group CEO supports implementation, coordination and escalation. A Sustainability Coordinator and working groups support data consolidation, day-to-day implementation and progress tracking.

Stakeholder engagement and materiality assessment

Stakeholder Engagement

Wang-Zheng maintains regular and meaningful engagement with its stakeholders through a range of formal and informal channels. These engagements enable us to better understand stakeholder priorities, identify emerging concerns and gather insights that help shape appropriate responses. Beyond informing our disclosures and reporting approach, stakeholder feedback also plays an important role in our materiality assessment process.

As sustainability expectations continue to evolve, stakeholder engagement remains a key foundation of our approach. We recognise that long-term value creation depends on our ability to listen to and respond to the perspectives of those who invest in our business, work alongside us, rely on our products and support our broader role in society.

Through our stakeholder assessment, we evaluated each stakeholder group based on its level of influence on Wang-Zheng and its degree of dependence on our business. The resulting weightage was incorporated into our materiality matrix to better reflect the relative significance of each stakeholder group. This prioritisation helps us determine which stakeholder groups require closer and more frequent engagement, and provides a stronger basis for identifying the sustainability matters that are most material to Wang-Zheng. The matrix below shows that robust and ongoing engagement is particularly important for several of our key stakeholder groups.

W Weekly	**BW** Bi-weekly	**M** Monthly	**BM** Bi-monthly	**Q** Quarterly	**HY** Half-yearly	**A** Annually	**O** Ongoing	**N** When needed

Note: Material matters referenced below use Wang-Zheng's matrix labels, namely: M1 Economic Performance; M2 Compliance; M3 Supply Chain Management; M4 Corporate Governance; M5 Data Privacy and Cybersecurity; M6 Business Ethics / Code; M7 Business Model; M8 Business & Product Mix; M9 Occupational Safety & Health; M10 Quality; M11 Customer Engagement; M12 Reputation; M13 Preventing Pollution; M14 Risk Management; M15 Energy & Climate Change Management; M16 Resource Management; M17 Waste Management; M18 Water Management; M19 Diversity, Inclusion & Talent Development; M20 Employee Wellness, Engagement & Satisfaction; and M21 Human Rights.

Stakeholders	Why They Matter	Their Key Needs and Expectations	Our Response	Level of Engagement	Engagement Platforms	Material Matters
Regulators and Government Authorities	They shape the regulatory environment in which Wang-Zheng operates and influence listing, labour, product, trade and environmental compliance expectations.	• Compliance with applicable laws, listing requirements and product standards • Timely, transparent disclosures and regulatory cooperation • Effective governance, risk management and responsible business conduct	• Maintain scheduled and ad hoc engagements with regulators and relevant authorities • Submit statutory disclosures, reports and required filings on a timely basis Strengthen internal controls, governance and compliance monitoring across operations	Collaborate/ Empower	**N** Scheduled / ad hoc meetings **Q** Regulatory updates and submissions **A** Annual report and AGM-related disclosures **O** Compliance communication and document requests	M2, M4, M6, M14, M15, M21
Shareholders and Investors	They provide capital, assess management stewardship and influence long-term business resilience, valuation and strategic direction.	• Timely access to material information and financial performance • Clear strategy, dividend outlook and risk management disclosures • Transparent communication on sustainability performance and governance	• Provide quarterly financial announcements, annual reports, general meetings and investor briefings • Communicate business strategy, prudent risk management and sustainability priorities • Monitor progress against material sustainability matters and targets	Consult/ Involve	**N** Statutory announcements; one-to-one and group meetings **Q** Financial reports and announcements; investor briefings; conferences **A** General meetings; annual reports; corporate events	M1, M4, M7, M12, M14, M15

Stakeholders	Why They Matter	Their Key Needs and Expectations	Our Response	Level of Engagement	Engagement Platforms	Material Matters
Customers	Customers determine demand, product acceptance and brand strength across the Group's disposable fibre-based and processed paper businesses.	• Safe, reliable and quality products • Responsive service, fair pricing and dependable fulfilment • Trustworthy product information and continuing innovation	• Conduct regular customer communication to understand expectations and improve satisfaction • Maintain product quality controls, hygiene and safety standards • Enhance product mix, service quality and market responsiveness through feedback loops	Collaborate/ Empower	**O** Sales and customer service interactions **M** Customer visits, calls and account reviews **N** Complaint handling and issue resolution **A** Customer satisfaction review and relationship development	M8, M10, M11, M12, M18
Employees	Employees are central to operational continuity, product quality, innovation, safety performance and the delivery of Wang-Zheng's sustainability agenda.	• A safe, respectful and inclusive workplace • Fair employment practices, development opportunities and well-being support • Clear communication on strategy, expectations and performance	• Provide training, induction, employee engagement and wellness support • Maintain occupational safety and health practices and workplace safeguards Support succession planning, retention and talent development across functions	Collaborate/ Empower	**O** Daily operational engagement and internal communication **M** Training and development sessions **Q** Management briefings and performance reviews **N** Staff engagement activities and welfare support	M9, M19, M20, M21
Community	Local communities are affected by Wang-Zheng's operations and social contributions, and they influence the Group's social licence to operate.	• Meaningful community investment and responsible conduct • Consideration of local social and environmental concerns • Ongoing dialogue on programmes with community benefit	• Carry out CSR events, donations and community development initiatives • Address sponsorship requests and specific community concerns where relevant • Promote awareness of social and environmental responsibility among employees and stakeholders	Consult/ Involve	**N** Strategic and ad hoc meetings / visits **A** CSR events and community development programmes **O** Donation, sponsorship and beneficiary engagement	M13, M17, M18, M21

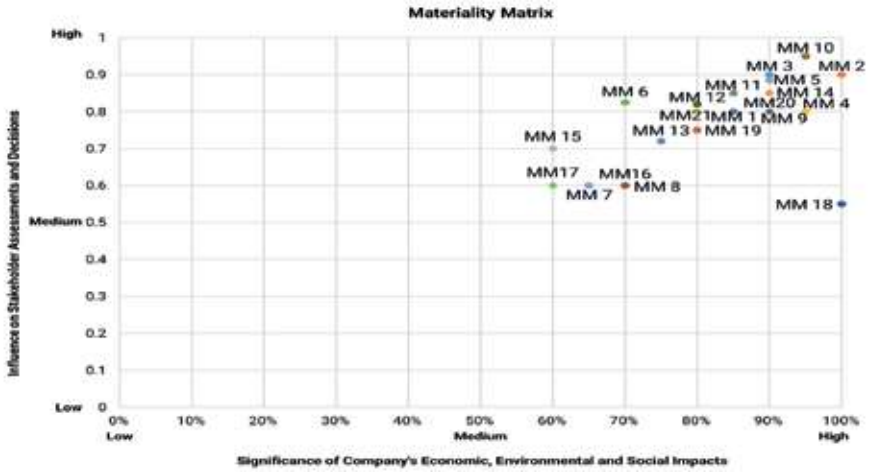
Stakeholders	Why They Matter	Their Key Needs and Expectations	Our Response	Level of Engagement	Engagement Platforms	Material Matters
Suppliers	Suppliers and subcontractors support input continuity, quality assurance, procurement integrity and supply chain resilience.	• Clear specifications, open communication and fair commercial practices • Ethical procurement expectations and timely payments • Long-term partnerships that support quality, continuity and responsible sourcing	• Maintain regular communication on deliveries, quality and requirements • Conduct supplier assessments and performance appraisals • Uphold code of conduct, ethical business practices and responsible supply chain management	Consult/ Involve	**N** Meetings **A** Supplier assessment / performance appraisals **O** Contractor discussions and procurement communication	M3, M6, M16, M17, M21
Media	Media channels support external visibility, brand positioning and public understanding of the Group's developments and corporate actions.	• Accurate, timely and relevant information • Access to updates on new products, events and corporate developments • Clear communication that supports public trust	• Issue media releases, interviews, briefings and press materials • Use events and advertising channels to engage the public • Support consistent and meaningful public communication on key developments	Inform/ Engage	**N** Media releases and interviews **N** Media briefings and press kits **O** News and publication across social and public channels	M10, M11, M12
General Public	The public forms broad perceptions of Wang-Zheng's corporate responsibility, transparency and contribution to society.	• Accessible and reliable corporate information • Responsible governance and public transparency • Visibility of the Group's values, products and sustainability commitments	• Maintain the company website as a key public information channel • Provide accessible updates on corporate information and governance matters • Strengthen public trust through responsible disclosure and communication practices	Inform/ Engage	**O** Company website and public-facing information **N** Public updates, notices and corporate communication	M4, M5, M12

Materiality Assessment

Our materiality assessment enables Wang-Zheng to identify and prioritise the sustainability matters that are most relevant to our business and stakeholders. It serves as an important basis for shaping our sustainability strategy, guiding our disclosures and focusing our efforts on the areas where we can create the greatest long-term value.

In undertaking the assessment, we considered both the significance of Wang-Zheng's economic, environmental, social and governance impacts, as well as the importance of these matters to our stakeholders. This approach allows us to better understand the sustainability topics that may substantively affect our business performance, stakeholder decision-making and long-term resilience.

The assessment process was informed by stakeholder engagement carried out across our key stakeholder groups, including shareholders and investors, employees, customers, suppliers, regulators and government agencies, as well as local communities and other relevant parties. Feedback gathered through these engagements was complemented by Management's consideration of Wang-Zheng's business model, operating environment, industry developments, regulatory expectations and sustainability-related risks and opportunities.



Each material matter was evaluated based on two dimensions:

- the significance of its impact on Wang-Zheng's business and stakeholders; and
- the level of importance assigned to the matter by stakeholders.

The outcome of this process is presented in the materiality matrix below, which reflects the relative priority of each material matter to Wang-Zheng. Matters positioned in the upper-right quadrant are considered the most material, as they are of high importance to both Wang-Zheng and our stakeholders, and therefore require greater management attention, stronger governance oversight and more comprehensive disclosure.

The materiality assessment helps Wang-Zheng to allocate resources more effectively, strengthen decision-making and ensure that our sustainability priorities remain aligned with stakeholder expectations and business needs. We will continue to review our material matters periodically to ensure they remain relevant in light of changes in our operating context, stakeholder concerns and the broader sustainability landscape.

OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

The United Nations Sustainable Development Goals (UNSDGs) provide a globally recognised framework for addressing economic, environmental and social challenges by 2030. For Wang-Zheng, the UNSDGs serve as a practical reference point for shaping a sustainability approach that is relevant to our business, proportionate to our operational footprint and responsive to stakeholder expectations.

As a manufacturer and distributor of personal care, household and fibre-based products, we believe our contribution is most meaningful where it is closely connected to the realities of our operations. Accordingly, we focus on the areas where we can exercise the greatest influence: maintaining safe and responsible workplaces, supporting fair and inclusive employment practices, improving resource efficiency, and managing environmental impacts with greater discipline over time.

Our sustainability framework is guided by the Group's vision and mission and organised around four focus areas: Operational Excellence, Responsible Supply Chain, Empowering Our People and the Community, and Caring for the Environment. These focus areas help translate material sustainability matters into practical management priorities, measurable targets and ongoing performance monitoring.

By aligning selected material matters to relevant UNSDG targets, we aim to strengthen the coherence of our sustainability strategy, improve decision-usefulness for management, and support more credible reporting as our sustainability journey continues to mature.

SDG ADOPTION

The Group has aligned selected sustainability priorities to relevant UNSDG targets that most closely reflect the nature of our business, our current commitments and the actions already underway across the organisation.

	**3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being**
	KPI: To foster a healthier working environment and reduce medical claims by 3%. What we do: Wang-Zheng supports employee health and well-being by maintaining workplace practices that prioritise prevention, safety and a healthier working environment. The Group's approach includes health- and safety-related controls and standards that go beyond minimum compliance requirements, reflecting a practical commitment to safeguarding employee well-being.

	**5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life**
	KPI: To achieve at least 30% female representation across the Company. What we do: Wang-Zheng is committed to building a more inclusive workplace by encouraging broader female participation across the organisation and supporting equal opportunity in employment and career development. This approach is intended to strengthen workforce diversity in a manner that is fair, practical and aligned with long-term organisational needs.

OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT (CONT'D)

SDG ADOPTION (Cont'd)

	**8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value**
	KPI: To uphold human rights and fair employment practices across the business through responsible and ethical conduct. What we do: Wang-Zheng supports decent work through fair employment practices, wage compliance and continued investment in employee capability-building. Measures undertaken include implementation of the revised minimum wage and the expansion of internal and external learning and development programmes, helping to foster a more capable, fairly treated and resilient workforce.

	**12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse**
	KPI: To maintain continuous compliance with relevant laws and regulations through responsible and ethical operations that create value for customers and the Group while supporting industry advancement. What we do: Wang-Zheng promotes more responsible resource use through practical waste reduction and recycling measures in its day-to-day operations. These include encouraging paperless workflows where feasible, using double-sided printing, and segregating recyclable materials such as paper, plastic and cartons for collection and recycling.

	**13.2 Integrate climate change measures into national policies, strategies and planning**
	KPI: To reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 2030. What we do: Wang-Zheng supports climate action by improving energy efficiency across its operations and embedding emissions reduction into operational planning. Key measures include the use of LED lighting, installation of inverter-type air-conditioning units, lighting control schedules in selected areas, and maintenance and replacement of equipment to improve energy efficiency.

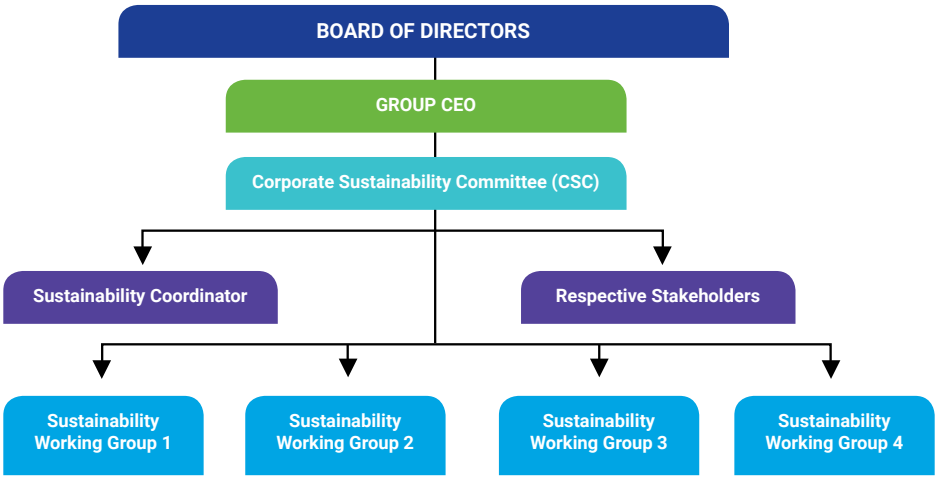
	**Target 16.5: Substantially reduce corruption and bribery in all their forms**
	KPI: To uphold ethical business conduct through the implementation of the Group's Anti-Bribery and Corruption Policy and Code of Conduct. What we do: Wang-Zheng upholds ethical business conduct through the implementation of its Anti-Bribery and Corruption Policy and Code of Conduct. These are supported by communicated standards of behaviour, internal control measures and governance practices designed to strengthen accountability, guide responsible decision-making and mitigate the risk of corruption and bribery across the organisation.

4. Climate-related Disclosures

This section is intentionally arranged in the same four pillars used by IFRS S2 and the TCFD. It is designed to provide investors and other stakeholders with a clear view of how climate-related risks and opportunities are governed, managed and measured within the Group, while also signalling the areas where the Group's reporting maturity remains under development.

4.1 Governance

Climate-related oversight currently sits within the Group's broader sustainability governance structure. The Board retains ultimate accountability, supported by the Audit Committee, the Group CEO, the CSC and working groups.



Governance layer	Role in sustainability oversight
Board of Directors	• Leads sustainability efforts for the Group, including developing strategy and targets, assessing materiality, and managing climate risks and opportunities. • Promotes sustainability integration across the Group and its businesses, fostering a strong sustainability culture.
Group Chief Executive Officer	• Approves key sustainability plans, including strategies, targets, policies, and the materiality assessment. • Oversees the integration of sustainability and climate considerations into the Group's Enterprise Risk Management ("ERM") framework. • Manages and monitors critical sustainability issues, encompassing climate-related risks and opportunities. • Tracks progress towards sustainability goals and identifies areas for improvement. • Advises the Board on sustainable strategies and monitors their implementation.
Corporate Sustainability Committee	• Crafts sustainability strategies and policies, seeking Board committee approval. • Drives consistent implementation across all business segments and locations. • Assesses overall sustainability risks and opportunities, prioritising climate-related aspects. • Evaluates and refines the materiality assessment process and outcomes. • Reviews and provides feedback on the sustainability statement before Board approval. • Develops and recommends sustainability-linked KPIs for performance evaluation of the Board and senior management. • Oversees engagement with stakeholders, ensuring their concerns are incorporated into sustainability initiatives. • Recommends material sustainability matters, policies, goals, and targets for Board approval. • Monitors the implementation of sustainability policies and initiatives.

Governance layer	Role in sustainability oversight
Sustainability Coordinator	• Coordinates and supports the Sustainability Working Group in managing material matters. • Consolidates sustainability reports and data from the Working Group for the CSC. • Guides the materiality assessment process. • Oversees the management of material sustainability matters. • Leads the preparation of the Sustainability Statement and recommends it for Board approval.
Sustainability Working Group	• Links the gap between strategy and execution, ensuring local practices align with the overall sustainability agenda and targets. • Assists the CSC in implementing and monitoring sustainability initiatives and performance.
Risk Management Committee	• Reviews material sustainability matters and efforts with respective members from the Sustainability Working Committee. •Sets in place the EESG framework of our Group including targets and the approach towards achieving them. • Reports to our Board of Directors based on outcome of discussion.

4.2 Strategy

Wang-Zheng's climate-related approach in FY2025 was reflected in ongoing efforts relating to energy transition, the strengthening of environmental management practices and supply chain stewardship. During the year, the Group signed a further solar expansion project comprising 999.18 kWp of solar PV and a 1,165 kWh battery energy storage system ("BESS"). Available environmental disclosures also indicate combined installed solar capacity of more than 1.467 MWp across multiple factory lots, full ISO 14001 coverage across the Group's three manufacturing and processing sites, and FSC certification for Modern Alpine and New Top Win. In parallel, the Group continued to develop its preliminary climate-related risk and opportunity register as part of its broader efforts to enhance climate-related oversight and preparedness.

Item	Time horizon	Potential effect on Wang-Zheng	Current / proposed response
Transition - disclosure and compliance	Short to medium term	Rising climate disclosure, assurance and customer expectations may increase reporting cost and reputational risk.	Strengthen climate data ownership, close Scope 1-3 data gaps and align the reporting calendar with annual report deadlines.
Transition - energy price / carbon exposure	Short to medium term	Electricity-intensive operations remain exposed to price volatility and potential carbon-related cost pass-throughs.	Scale solar self-generation, use BESS for peak-demand management and track energy intensity.
Physical - heat, flooding and logistics disruption	Medium term	Factories, warehouses and logistics routes in Selangor may face heat stress, flooding or transport disruption.	Integrate climate considerations into ERM, emergency preparedness and business continuity planning.
Supply chain - raw material resilience	Medium to long term	Pulp, paper and cotton sourcing may face resource stress, certification gaps, weather disruption or upstream water risk.	Diversify suppliers, strengthen sustainable sourcing and expand supplier engagement.
Opportunity - renewable energy	Short to long term	Solar PV and BESS projects can lower grid dependency, support cost stability and reduce Scope 2 emissions.	Phase 2 solar expansion signed in 2025; combined installed solar capacity exceeds 1.467 MWp.
Opportunity - green incentives and market trust	Short to medium term	Renewable energy projects and better disclosures may improve access to incentives, customer trust and commercial positioning.	Use published environmental policies, FSC credentials and climate disclosures to support stronger market differentiation.

4.3 Risk management

In FY2025, Wang-Zheng continued to advance its climate-related risk management approach within its broader governance and risk oversight framework. Moving forward, the Group intends to formalise a climate-related risk and opportunity register with clearly assigned owners, defined risk ratings, scenario assumptions, monitoring indicators and trigger points, supported by documented response actions. Integrating this register with enterprise risk management, business continuity planning and capital allocation processes would strengthen the Group's ability to identify, assess, prioritise and manage climate-related risks and opportunities in a more systematic and decision-useful manner, while supporting closer alignment with IFRS S2.

Potential Climate-Related Risks and Opportunities Identified for the Processed Paper Products Segment

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2025 (Current)	• Carbon pricing: USD0/ tCO2 across the selected MESSAGEix-GLOBIOM Malaysia pathways at the current horizon; policy-rate signals range from about -0.19% under Net Zero 2050 to 0.00% under Delayed Transition and Fragmented World. • Business baseline: processed paper products generated RM240.3 million in FY 2024, equal to 77.8% of Group revenue, and all segment revenue was derived from domestic sales to local publishing and printing customers.	• Policy and legal: Malaysia's updated climate commitment retains a 45% reduction in economy-wide GHG emissions intensity of GDP by 2030 versus 2005, signalling progressively tighter disclosure, procurement and operating expectations even before an explicit domestic carbon price applies to this segment. • Technology: IRENA reports that 91% of renewable power capacity added globally in 2024 was cheaper than the cheapest new fossil-fuel alternative, supporting earlier upgrades to paper-converting lines, compressors, lighting and warehouse energy systems rather than locking in higher-cost assets.	• Acute: World Bank and Bank Negara Malaysia estimate that a hypothetical 1-in-20-year flood could cost Malaysia up to 4.1% of GDP in 2030, indicating current exposure to logistics, warehousing and inventory disruption even before the more material later horizons. • Chronic: METMalaysia identifies rising temperature, more extreme weather events and higher rainfall intensity as key climate-change signals for Malaysia, which may gradually affect stock handling, transport reliability and working conditions across paper conversion and distribution activities.	• Resource efficiency: Wang-Zheng states that its January 2024 solar transition had already delivered about 30% electricity cost savings, showing that lower utility intensity can support margin resilience even in a less energy-intensive paper-conversion environment. • Energy source: the Group's November 2025 solar expansion added a 999.18 kWp solar PV system and a 1,165 kWh battery energy storage system, creating a practical pathway to lower purchased-electricity exposure for office, warehouse and processing activities.	• Financial performance and cash flow: limited to moderate sensitivity in the current term, mainly through utilities, freight, packaging, raw-material sourcing and short-term disruption exposure. • Financial position: limited immediate balance-sheet effect, although inventory buffers, receivables and working-capital discipline may come under pressure if disruption events persist. • Capital allocation and asset carrying values: near-term investment remains selective and manageable, focused on efficiency, solar, storage and site resilience; no material carrying-value pressure is assumed at this stage.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2025 (Current)		• Market: the segment is exclusively domestic and serves local publishing and printing industries, so any shift in customer preference towards lower-impact paper sourcing or more efficient local supply could affect the RM240.3 million revenue base. • Reputation: Wang-Zheng's ESG environmental page recognises that sourcing of fibre-based raw materials and manufacturing activities may impact ecosystems, increasing the relevance of responsible sourcing and traceability expectations for paper-related operations	• Group response: the Group responds through warehouse housekeeping, inventory planning, preventive maintenance, and ongoing monitoring of utilities and facility conditions to limit operational disruption.	• Products and services: stronger positioning in responsibly sourced and efficiently converted paper products could support customer retention in a segment that remained the Group's largest revenue contributor at 77.8% of total turnover in 2024. • Markets and resilience: World Bank reports 75 carbon-pricing instruments in operation covering about 24% of global emissions and raising USD104 billion in revenue in 2023, reinforcing the longer-term commercial value of lower-risk and better-documented supply chains.	
2030 (Short-term)	• Carbon pricing: USD220.08/ tCO2 under Below 2°C, USD416.73/ tCO2 under NDCs and USD1,512.83/ tCO2 under Net Zero 2050; policy-rate signals range from 0.00% to 1.63% across the selected Malaysia pathways.	• Policy and legal: the move from USD0/tCO2 in 2025 to USD220.08-1,512.83/tCO2 by 2030 across the selected pathways indicates materially different transition-cost outcomes for electricity, logistics and paper procurement. The Group responds through closer monitoring of energy use and supplier conditions.	• Acute: flood disruption risk becomes more business-relevant by 2030 because the World Bank/ BNM 1-in-20-year flood scenario implies up to 4.1% of GDP loss nationally, with probable knock-on effects on roads, ports and warehousing.to preserve customer service quality.	• Resource efficiency: the Group's own climate targets include reducing absolute Scope 1 and 2 emissions from a 2022 baseline, with a 3% reduction by 2026 and 10% by 2035, creating a practical bridge to 2030 improvements in energy, scrap and handling efficiency.	• Financial performance and cash flow: moderate sensitivity is expected by 2030 as transition-cost pathways widen, mainly through utilities, logistics, imported inputs, packaging and adaptation spending.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2030 (Short-term)	• Segment context: processed paper products remained the primary earnings engine in 2024 at RM240.3 million, so any carbon-sensitive shift in utilities, transport and imported paper sourcing can become more financially material by 2030.	• Technology: by 2030, lower-cost renewable and storage options become harder to ignore; Wang-Zheng's own 999.18 kWp solar PV plus 1,165 kWh BESS expansion suggests the technology pathway is already commercially relevant. • Market: carbon-pricing instruments already cover about 24% of global emissions, which supports the view that buyers, lenders and larger customers may increasingly prefer better-documented and lower-risk paper supply chains by 2030. • Reputation: Wang-Zheng's recognition of biodiversity and fibre-sourcing impacts means stakeholder scrutiny may expand from product quality and price into sourcing discipline, packaging, waste and emissions practices. The Group responds through ESG governance, supplier engagement and process controls. Wang-Zheng ESG Policy,	• Chronic: METMalaysia's signals of rising temperatures and higher rainfall intensity point to greater stress on paper storage conditions, building cooling loads and delivery reliability. • Group response: the Group responds through stronger site maintenance, power-cost management, business continuity planning and inventory resilience to preserve customer service quality.	• Energy source: SEDA's MyRER pathway supports 31% renewable-energy share by 2025 and 40% by 2035, improving the strategic case for further onsite solar and lower-carbon electricity procurement by the short term. • Products and services: lower-impact converting, stronger product stewardship and more efficient delivery may support customer retention in domestic publishing and printing channels as procurement standards tighten. • Markets and resilience: adaptation investment remains economically rational because UNFCCC cites Global Commission on Adaptation analysis that USD1.8 trillion of global adaptation investment during 2020-2030 could generate USD7.1 trillion in net benefits.	• Financial position: moderate pressure may arise through higher working-capital needs, inventory buffers and input-cost volatility if service continuity and sourcing resilience need to be strengthened. • Capital allocation and asset carrying values: phased investment in efficient machinery, solar, storage, climate control and resilient warehousing is likely; carrying-value pressure remains manageable if upgrades are timely.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2040 (Medium-term)	• Carbon pricing: USD432.30/ tCO2 under Below 2°C, USD470.85/ tCO2 under Delayed Transition, USD583.67/ tCO2 under NDCs and USD2,361.12/ tCO2 under Net Zero 2050; policy-rate signals range from -0.11% to 1.03%. • Business baseline: processed paper products remained the Group's core profit-supporting segment in 2024, so the widening scenario divergence by 2040 points to meaningfully different cost and competitiveness outcomes.	• Policy and legal: the selected 2040 carbon-price range of USD432.30-2,361.12/ tCO2 implies substantially higher exposure to carbon-sensitive warehousing, transport and imported material costs, with the NDC pathway alone already at USD583.67/tCO2. • Technology: asset efficiency becomes more financially significant by 2040 because renewable and storage technologies continue to improve, while inefficient systems lock in higher operating costs and obsolescence risk. IRENA's 2024 evidence of 91% cheaper renewable additions supports earlier upgrades. • Market: by 2040, responsible fibre sourcing and more visible emissions management may shape customer and lender preference more strongly than today, especially where product substitutability is high.	• Acute: severe weather events may continue to disrupt stock movement and site uptime, with greater knock-on effects as customer service standards and cost pressures rise. • Chronic: higher temperatures and rainfall variability may increase cooling loads, moisture management needs and transport unreliability across paper-processing and storage facilities. • Group response: the Group responds through long-horizon resilience planning, equipment renewal, site-level utility control and stronger supplier continuity planning.	• Resource efficiency: structurally lower electricity, scrap and transport intensity becomes more valuable as the 2040 carbon-price range widens to USD432.30-2,361.12/ tCO2 across the selected pathways. • Energy source: Malaysia's official pathway targets 40% renewable capacity by 2035 and 70% by 2050, strengthening the medium-term case for further onsite solar, storage and low-carbon power procurement. energy-transition materials,	• Financial performance and cash flow: moderate to high sensitivity is expected by 2040 as scenario divergence becomes more pronounced and cost competitiveness depends more heavily on resilient operations. • Financial position: moderate to high pressure may arise through inventory risk, margin compression, supplier continuity and higher funding needs for adaptation and operating resilience.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2040 (Medium-term)		• Reputation: weaker climate and sourcing performance could affect stakeholder judgement because the segment remains a visible domestic supplier to publishing and printing customers. The Group responds through transition planning, supplier review and lower-carbon operating assumptions.		• Products and services: lower-impact paper processing and better-documented sourcing could become a competitive differentiator in local B2B channels if customers seek lower-risk procurement. • Markets and resilience: stronger adaptation readiness can reduce the duration and severity of disruption losses, consistent with UNFCCC-cited Global Commission on Adaptation analysis on benefit-cost outcomes.	• Capital allocation and asset carrying values: more material renewal of machinery, warehousing, climate control and lower-carbon energy systems is likely; delayed action could increase obsolescence or impairment risk for less efficient assets.
2050 (Long-term)	• Carbon pricing: USD782.13/ tCO2 under NDCs, USD928.02/ tCO2 under Delayed Transition, USD1,013.71/ tCO2 under Below 2°C, USD4,227.21/ tCO2 under Net Zero 2050 and USD0/ tCO2 under Fragmented World; policy-rate signals range from 0.14% to 0.69%.	• Policy and legal: a long-run carbon-price range of USD782.13-4,227.21/tCO2 across the main pathways implies materially tighter operating conditions for carbon-sensitive logistics and utilities by 2050. • Technology: inefficient paper-processing, cooling and storage assets may face structural obsolescence risk as lower-carbon systems become standard and cost differentials widen.	• Acute: severe events may still create episodic losses to warehouse stock, road access and service continuity even where preparedness improves. • Chronic: long-term climate stress may increase cooling, water-management and transport-resilience needs, consistent with METMalaysia's climate signal of rising temperatures and more intense rainfall.	• Resource efficiency: structurally lower operating intensity becomes a strategic advantage where carbon-price and resilience-cost outcomes diverge sharply by scenario.	• Financial performance and cash flow: high strategic sensitivity is possible by 2050 if the segment cannot preserve affordability, reliability, sourcing resilience and customer trust under divergent transition pathways. • Financial position: high long-term pressure may arise through weaker asset resilience, more volatile working-capital requirements and tighter tolerance for operational disruption or inefficient stockholding.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Climate-related opportunities
2050 (Long-term)	• Strategic context: by 2050, the processed paper segment's long-term relevance depends on cost discipline, sourcing resilience and asset renewal rather than revenue growth alone.	• Market and reputation: higher expectations from customers, lenders and regulators may reward transparent, lower-risk paper supply chains and penalise assets with weak resilience or sourcing controls. The Group responds through long-term transition planning, asset prioritisation and continued sourcing discipline.	• Group response: the Group responds through long-horizon resilience planning, renewable-energy integration and periodic renewal of facilities and equipment.	• Energy source: PETRA's transition framing points to 70% renewable-energy capacity by 2050, supporting the long-run case for a more electrified and lower-carbon operating footprint.	• Capital allocation and asset carrying values: strategic, sustained investment in resilient facilities, lower-emission power systems, storage, cooling efficiency and process upgrades is likely; carrying-value risk increases if legacy assets are not adapted or replaced in time.

POTENTIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED FOR THE DISPOSABLE FIBRE-BASED PRODUCTS SEGMENT

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2025 (Current)	• Carbon pricing: USD0/tCO2 across the selected MESSAGEix-GLOBIOM Malaysia pathways in 2025, with policy-rate signals ranging from about -0.19% to 0.00%. • Business baseline: disposable fibre-based products generated RM68.46 million in FY 2024, while the segment includes diapers, tissue, cotton jumbo rolls, facial cotton and cotton buds sold through domestic retail channels and export markets.	• Policy and legal: Malaysia's 45% emissions-intensity reduction commitment by 2030 and Wang-Zheng's own ESG policy increase the relevance of emissions tracking, supplier management and product-stewardship controls in this consumer-facing hygiene segment. Wang-Zheng ESG Policy, • Technology: Quality Hero reports use of modern energy-efficient machinery and holds ISO 14001:2015 certification, indicating that operational efficiency already forms part of the segment's competitive position.	• Acute: the World Bank/BNM estimate that a hypothetical 1-in-20-year flood could cost Malaysia up to 4.1% of GDP in 2030 indicates meaningful current exposure to factory, warehouse and transport disruption for fast-moving consumer goods. • Chronic: METMalaysia's climate signal of rising temperature and higher rainfall intensity may translate into greater cooling loads, humidity management and logistics variability for tissue and cotton products.	• Resource efficiency: Wang-Zheng states that its January 2024 solar transition had already delivered about 30% electricity cost savings, which is directly relevant to manufacturing and warehousing costs in the disposable fibre-based segment.	

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2025 (Current)		• Market: Wang-Zheng competes on affordability and accessibility across hypermarkets, supermarkets, pharmacies, department stores, medical halls and e-commerce, so customer sensitivity to price and trusted quality remains high. • Reputation: Carefeel Cotton exports more than 6% of its annual revenue and Quality Hero exports to markets including Singapore, Thailand, Brunei, Hong Kong, Vietnam, India and Australia, making customer trust and product responsibility commercially important even before stronger climate pricing emerges. The Group responds through quality control, certifications and brand discipline.	• Group response: the Group responds through product-quality controls, facility upkeep, distribution planning and continued investment in utility efficiency and renewable power.	• Energy source: the 999.18 kWp solar PV and 1,165 kWh BESS expansion strengthens the segment's opportunity to stabilise electricity costs and lower peak-demand exposure. • Products and services: Carina and P.Love are established in-house brands, while P.Love is described as one of the best-selling disposable adult-diaper brands for over a decade, so stronger sustainability positioning can support brand differentiation.	

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2025 (Current)					• Financial performance and cash flow: limited to moderate sensitivity in the current term, mainly through electricity, packaging, freight, raw-material inputs and short-term disruption to factory and distribution operations. • Financial position: limited immediate balance-sheet effect, although inventories, receivables and working-capital needs may fluctuate if retailer replenishment or export continuity is disrupted. • Capital allocation and asset carrying values: near-term investment remains selective and manageable, focused on production efficiency, solar, storage and site resilience; no material carrying-value pressure is assumed at this stage.
2030 (Short-term)	• Carbon pricing: USD220.08/tCO2 under Below 2°C, USD416.73/tCO2 under NDCs and USD1,512.83/tCO2 under Net Zero 2050; policy-rate signals range from 0.00% to 1.63%.	• Policy and legal: the increase from USD0/tCO2 in 2025 to USD220.08-1,512.83/tCO2 by 2030 across selected pathways indicates a meaningfully wider transition-cost envelope for a segment making diapers, tissue and cotton products at scale.	• Acute: flood disruption becomes more material by 2030 because factory uptime, warehouse availability and retail replenishment all depend on transport continuity in a country where a 1-in-20-year flood could cost up to 4.1% of GDP.	• Resource efficiency: Wang-Zheng's target to reduce absolute Scope 1 and 2 emissions by 3% by 2026 and 10% by 2035 from a 2022 baseline provides a practical operational bridge to 2030 efficiency actions.	• Financial performance and cash flow: moderate sensitivity is expected by 2030 as carbon-sensitive cost pressures widen, mainly through utilities, packaging, transport, adaptation measures and imported material costs.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2030 (Short-term)	• Operating context: by 2030, the segment's factory and distribution profile means carbon-sensitive cost pressure may be felt through electricity, imported inputs, packaging and outbound logistics rather than through direct carbon charges alone.	• Technology: IRENA's evidence that 91% of renewable additions in 2024 were cheaper than new fossil alternatives supports earlier adoption of efficient motors, compressed-air systems, process cooling and solar-plus-storage to protect margin. • Market: stronger retailer, distributor and export-customer expectations may favour better-documented and more resilient hygiene-product supply chains, especially where affordability and trust are both important. • Reputation: with Carefeel exporting more than 6% of annual revenue and Quality Hero serving multiple export markets, slower climate and product-stewardship progress could weaken brand and customer confidence. The Group responds through certification, quality assurance and climate-aware investment.	• Chronic: rising temperature and rainfall intensity increase exposure to humidity management, cooling demand, worker comfort and logistics variability. • Group response: the Group responds through stronger maintenance, production scheduling, stock planning and distribution resilience, supported by growing renewable-energy capacity.	• Energy source: SEDA's official pathway to 31% renewable capacity by 2025 and 40% by 2035 supports further onsite solar and cleaner electricity use across production and warehousing. • Products and services: more efficiently produced, well-documented hygiene products can strengthen customer retention in channels where brand trust and value-for-money matter. • Markets and resilience: adaptation investment remains justified because UNFCCC cites analysis showing USD1.8 trillion in global adaptation investment during 2020-2030 could generate USD7.1 trillion in net benefits.	• Financial position: moderate pressure may arise through higher working-capital needs, stock buffers, retailer service requirements and cost volatility across factory and distribution activities. • Capital allocation and asset carrying values: phased investment in efficient machinery, solar, storage, climate control and resilient warehousing is likely; carrying-value pressure remains manageable if upgrades are made on time.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2040 (Medium-term)	• Carbon pricing: USD432.30/tCO2 under Below 2°C, USD470.85/tCO2 under Delayed Transition, USD583.67/tCO2 under NDCs and USD2,361.12/ tCO2 under Net Zero 2050; policy-rate signals range from -0.11% to 1.03%. • Segment context: as a manufacturer and distributor of diapers, tissue and cotton products, the disposable fibre-based segment is likely to feel scenario divergence through both factory-cost pressure and customer affordability.	• Policy and legal: the selected 2040 carbon-price range of USD432.30-2,361.12/ tCO2 points to substantially higher exposure to carbon-sensitive electricity, transport, packaging and imported-input costs. • Technology: slower replacement of energy-intensive machinery or weaker use of storage, cooling optimisation and digital monitoring may become more financially costly by 2040. • Market: lower-emission and more resilient consumer-goods supply chains may win preference from larger retailers and overseas customers where business interruption and ESG diligence matter more.	• Acute: more severe weather events may continue to disrupt factory operations, warehouse stock and outbound distribution. • Chronic: higher temperatures and rainfall variability imply stronger long-term stress on cooling demand, humidity management, infrastructure and logistics. • Group response: the Group responds through climate-aware capacity planning, asset renewal, warehouse resilience and lower-carbon energy assumptions.	• Resource efficiency: efficiency gains in electricity, compressed air, scrap and process yield become more valuable as OPEX pressure rises against a 2040 NDC carbon price of USD583.67/ tCO2. • Energy source: PETRA and SEDA policy signals towards 40% renewable capacity by 2035 and 70% by 2050 improve the strategic case for a more electrified and lower-carbon production footprint. • Products and services: stronger sustainability messaging around trusted hygiene products can support differentiation in markets where price, reliability and brand confidence all matter.	• Financial performance and cash flow: moderate to high sensitivity is expected by 2040 if affordability, uptime, export continuity or market relevance weaken under sharper transition and physical-risk divergence. • Financial position: moderate to high pressure may arise through inventory exposure, margin compression, higher resilience spending and stronger dependence on reliable production and distribution assets. • Capital allocation and asset carrying values: more material machinery renewal, climate-control upgrades, warehousing resilience and lower-carbon energy investment is likely; delayed action could increase obsolescence or impairment risk for less efficient assets.

Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2040 (Medium-term)		• Reputation: customer trust may increasingly depend on product quality plus sustainability performance, particularly for essential hygiene products marketed under established house brands. The Group responds through quality controls, efficient asset renewal and product stewardship.		• Markets and resilience: better adaptation readiness can reduce the severity and duration of disruption losses, consistent with the UNFCCC-cited Global Commission on Adaptation benefit case.	
2050 (Long-term)	• Carbon pricing: USD782.13/tCO2 under NDCs, USD928.02/tCO2 under Delayed Transition, USD1,013.71/ tCO2 under Below 2°C, USD4,227.21/ tCO2 under Net Zero 2050 and USD0/tCO2 under Fragmented World; policy-rate signals range from 0.14% to 0.69%.	• Policy and legal: the selected 2050 carbon-price range of USD782.13-4,227.21/ tCO2 under the main pathways implies materially tighter transition conditions for electricity, transport and packaging-intensive consumer-goods manufacturing.	• Acute: severe events may still create episodic business interruption across production, warehousing and final-mile distribution. • Chronic: long-term stress from rising temperatures and heavier rainfall may increase the strategic importance of site design, cooling efficiency and resilient logistics.	• Resource efficiency: structurally lower operating intensity becomes a strategic margin lever when carbon and resilience costs diverge sharply by scenario. • Energy source: PETRA's energy-transition direction towards 70% renewable capacity by 2050 strengthens the long-run case for a lower-carbon manufacturing footprint.	• Financial performance and cash flow: high strategic sensitivity is possible by 2050 if the segment cannot preserve affordability, reliability, brand trust and supply continuity under long-term transition pathways. • Financial position: high long-term pressure may arise through weaker asset resilience, more volatile working-capital requirements and greater exposure to interruption across production, warehousing and final-mile distribution.

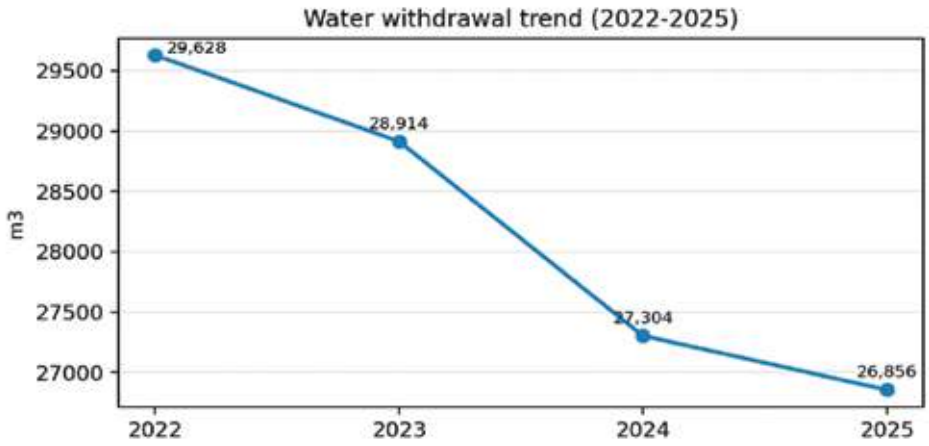
Time horizon	Scenario analysis	Transition risks and the Group's response	Physical risks and the Group's response	Climate-related opportunities	Indicative financial effect
2050 (Long-term)	• Strategic context: by 2050, long-term competitiveness in hygiene and cotton products depends on resilient operations, lower-carbon production and sustained customer trust rather than low-cost distribution alone.	• Technology: less efficient production assets may face structural obsolescence risk as lower-carbon energy and process systems become the norm. • Market and reputation: higher expectations from retailers, export customers and capital providers may reward more resilient and lower-risk hygiene-product supply chains. The Group responds through long-term transition planning, product-quality leadership and continued efficiency investment.	• Group response: the Group responds through long-horizon resilience planning, renewable-energy integration, equipment renewal and supplier diversification.	• Products and services / markets: stronger alignment with customer sustainability expectations can support long-horizon market relevance for trusted daily-use hygiene products. • Resilience: adaptation measures that preserve product availability and service continuity can protect both revenue and brand trust over long-lived climate pathways.	• Capital allocation and asset carrying values: sustained strategic investment in resilient factories, lower-emission power systems, storage and product-process upgrades is likely; carrying-value risk increases if legacy assets are not adapted or replaced in time.

4.4 Metrics and targets

The Group has already published climate, water, waste and sourcing targets in prior-year disclosures, while the 2025 data pack provides updated common metrics under the Bursa indicator structure. The table below consolidates the most decision-useful metrics for current-year reporting.

Metric	FY2024	FY2025
Electricity / total energy consumption	3,964.480 MWh	5,673.992 MWh*
Water withdrawal	27,304 m3	26,856 m3
Waste generated	n/a	56.51 t
Scope 1 emissions	–	423.94 tonnes of CO2e
Scope 2 emissions	–	4,199 tonnes of CO2e
Solar transition	Solar transition launched in Jan 2024; 30% electricity cost savings disclosed in FY2024	999.18 kWp solar PV and 1,165 kWh BESS signed

Water Withdrawal Trend



Emerging Targets

Theme	Target	Timeframe	Status
Water	Water consumption	By 2030	Reduce by 10% from 2024 baseline.
Waste	Landfill waste	By 2030	Reduce by 50%.
People	Female representation in senior leadership	By 2030	Increase to 30%.
Safety	Fatalities and injuries	Ongoing	Zero workplace fatalities
Community	CSR allocation	Ongoing / 2030 roadmap	At least 1% of net profit annually; confirm before external issue.

5. ENVIRONMENTAL PERFORMANCE

Wang-Zheng's environmental agenda in FY2025 was guided by our commitment to managing the environmental footprint of our operations in a more structured, responsible and forward-looking manner. As environmental expectations continue to evolve, we remain focused on strengthening our practices across key areas such as pollution prevention, energy use, emissions management, resource efficiency, waste handling and water stewardship. Our approach reflects the understanding that sound environmental management is essential not only for regulatory compliance, but also for operational resilience, stakeholder confidence and long-term value creation.

M13 PREVENTING POLLUTION

Why It Matters

Preventing pollution is material because responsible management of air, water, waste and other environmental impacts is essential to protecting communities, safeguarding compliance and maintaining trust in the Group's operations. Pollution prevention also reflects broader operational discipline.

Our Approach

Wang-Zheng addresses pollution prevention through environmental controls, process discipline and site-level practices that aim to minimise negative impacts before they arise. The Group's broader environmental narrative, as reflected in its policies and operating programmes, points to a preventive approach supported by good housekeeping, waste segregation, responsible disposal and the strengthening of operational awareness. In Bursa-style reporting, pollution prevention is best presented as a practical management discipline that supports both environmental stewardship and operational resilience.

Our Progress

In FY2025, the Group continued to monitor and disclose core environmental indicators including energy use, water consumption and waste generation, all of which contribute to understanding its environmental footprint.

Total costs of environmental fines and penalties during financial year

Wang-Zheng Berhad (WZB) confirms that it has not incurred any environmental fines or penalties from FY2022 to FY2025. This reflects the Group's ongoing commitment to regulatory compliance and adherence to environmental management standards across its operations.

Regulatory Compliance and Environmental Safeguards

In FY2025, WZB recorded zero incidents of non-compliance with all applicable water-related permits, standards, and regulations. This includes:

- Adherence to water withdrawal limits and permits issued by local water authorities.
- Compliance with wastewater discharge standards, including key effluent parameters (e.g. BOD, COD, pH) regulated by the Department of Environment (DOE).
- Fulfilment of other statutory requirements under Malaysian environmental law.

WZB's environmental compliance framework encompasses:

- Regular monitoring and testing of wastewater prior to discharge.
- Periodic audits and inspections for alignment with permit conditions.
- Prompt implementation of corrective measures in the event of deviations.

Wang-Zheng Berhad remains committed to enhancing its water stewardship and achieving its reduction targets under indicator EWT25. Progress will continue to be disclosed annually in the Group's Sustainability Statements to ensure accountability, transparency, and continuous improvement.

Year	2025	2024	2023
Total Chemical Oxygen Demand (COD) from Effluent	0.0003499t/L	0.0007596t/L	0.0007817t/L

Moving Forward

Moving forward, Wang-Zheng can strengthen this section by pairing narrative commitments with more explicit pollution-related indicators and control outcomes. This would help stakeholders better understand how prevention efforts translate into measured performance.

M15 ENERGY & CLIMATE CHANGE MANAGEMENT

Why It Matters

Energy and climate change management are material because energy use drives both operating cost and carbon impact. For an industrial group, progress on energy efficiency and renewable energy can improve resilience while supporting a lower-carbon growth pathway.

Our Approach

Wang-Zheng's approach combines energy-efficiency measures, progressive renewable energy adoption and improving climate-data discipline. The FY2025 activities narrative highlights an Energy Efficiency and Renewable Energy Programme supported by rooftop solar installations, equipment optimisation, temperature-management measures and ongoing monitoring of energy consumption. This reflects a maturing climate response in which operational efficiency and decarbonisation are increasingly linked, while supporting both responsible growth and long-term cost optimisation.

Our Progress

FY2025 marked a meaningful step forward in the Group's energy transition journey. Total energy consumption for the year was 5,673.992 MWh. The data pack also references Scope 1 emissions of 423.94 tCO2e and Scope 2 emissions of 4,199 tCO2e. Importantly, the FY2025 activities disclosures note the Solar PV and BESS Phase 2 expansion agreement for Quality Hero Corporation Sdn. Bhd., introducing an additional 999.18 kWp of solar generation capacity together with 1,165 kWh of battery energy storage. This is a material development because it strengthens the Group's renewable-energy capability, supports peak-demand management and reinforces its longer-term carbon-reduction trajectory.

Energy & climate KPI	FY2025
Total energy consumption	5,673.992 MWh
Scope 1 emissions	423.94 tCO2e
Scope 2 emissions	4,199 tCO2e
Additional Solar PV capacity (Phase 2)	999.18 kWp
Battery energy storage system	1,165 kWh

Note:

Scope 1 direct GHG emissions arise from fuel combustion in passenger vehicles and stationary combustion sources owned or controlled by the Group. In accordance with the GHG Protocol, the Group applied the relevant DEFRA/UK Government 2025 greenhouse gas conversion factors for fuels, passenger vehicles, and stationary combustion under Scope 1 emissions. Scope 2 indirect GHG emissions arise from the generation of purchased electricity consumed by the Group. In line with the GHG Protocol Scope 2 indirect GHG emissions arise from the generation of purchased electricity consumed by the Group. In line with the GHG Protocol. Scope 2 Guidance, the Group has applied the location-based method using the Peninsular Malaysia grid emission factor published by the Energy Commission. The latest provisional factor available at the reporting date was the 2024 grid emission factor of 0.74 Gg CO2e/GWh (equivalent to 0.74 kg CO2e/kWh).

Percentage of Sites Covered by Recognised Environmental Management Systems (ISO14001/EMAS/Other)

Current Status	Coverage (%)
33% (1/3) of manufacturing/processing sites hold recognised and valid certifications (ISO 14001).	33% (1 out of 3 manufacturing sites)

Moving Forward

Going forward, Wang-Zheng should continue expanding renewable energy where feasible, strengthen emissions-data quality and develop clearer year-by-year climate milestones. A more explicit roadmap covering Scope 1, Scope 2 and eventually Scope 3 would significantly enhance disclosure maturity.

M16 Resource Management

Why It Matters

Resource management is material because the efficient use of energy, water and materials supports both environmental stewardship and operational efficiency. Better resource productivity can reduce cost, strengthen resilience and lower environmental impact.

Our Approach

Wang-Zheng's resource-management approach is reflected in its monitoring of utility consumption, conservation measures and practical efficiency initiatives across sites. The Group's FY2025 activities and data tables show that resource stewardship is not treated as a single issue, but as a connected agenda spanning energy efficiency, water conservation, waste minimisation and process improvement. This reflects an integrated approach to resource stewardship that supports disciplined growth across the Group's operations.

Our Progress

The Group's continued implementation of conservation, recycling and renewable-energy measures also suggests that resource management is becoming more structured and more measurable over time.

Responsible sourcing, biodiversity and value chain considerations

Modern Alpine Sdn Bhd and New Top Win Corporation Sdn Bhd - hold FSC certifications, and that virgin pulp in relevant products is sourced from sustainably managed forests. This supports the Group's responsible sourcing narrative and reduces biodiversity-related sourcing risk.

The Group's direct water dependency has been reduced by a change in cotton processing arrangements from Q3 2025 onward, although upstream supplier water risk remains relevant. This is a useful point for future value-chain water and nature disclosures.

Resource indicator	FY2025
Energy consumed	5,674.992 MWh
Water used	26.856 ML
Waste generated	56.511 MT

Moving Forward

The next step is to complement absolute usage figures with intensity-based indicators and site-level targets, allowing readers to assess whether growth and efficiency are improving in tandem. This would bring greater analytical depth to future reporting.

M17 WASTE MANAGEMENT

Why It Matters

Waste management is material because poor handling of waste can create environmental, health, compliance and reputational risks. Better waste practices also support circularity, resource efficiency and a cleaner operating environment.

Our Approach

The Group's waste approach is guided by a 3R mindset and supported by segregation, responsible disposal and employee awareness. The FY2025 activity narrative describes a Waste Management and 3R Programme supported by recycling initiatives, dedicated waste-handling areas, authorised contractors and practical awareness efforts. In Bursa-style terms, this is important because it shows waste management as an active operational discipline rather than a passive reporting item.

Our Progress

In FY2025, the Group recorded total waste generated of 56.511 metric tonnes (MT). Of this, 55.619 MT was diverted from disposal, while 0.892 MT was directed to disposal. The underlying waste-stream records further show that paper waste was the most significant non-hazardous stream at 55.619 MT. Scheduled wastes were relatively limited in volume and comprised empty jars (SW409) at 0.600 MT, metal containers (SW409) at 0.190 MT, contaminated rags (SW410) at 0.101 MT, laboratory waste reclassified to SW421 at 0.000213 MT and mercury waste from COD vials (SW109) at 0.000048 MT. Overall, the FY2025 profile indicates that the Group's waste generation was concentrated in recyclable non-hazardous paper waste, while hazardous waste remained comparatively low and subject to specific code-based handling requirements. This provides a stronger basis for future analysis by waste stream, treatment route and site.

Waste KPI	FY2025
Total waste generated	56.511 MT
Waste diverted from disposal	55.619 MT
Waste directed to disposal	0.892 MT

Hazardous Waste (Scheduled Waste)

Waste Stream	SW Code	FY2025 (MT)
Metal containers	SW409	0.190
Contaminated rags	SW410	0.101
Laboratory waste*	SW421	0.000213
Mercury waste from COD vials	SW109	0.000048
Empty jars	SW409	0.600
Total hazardous waste (listed streams)		**0.890**

** Laboratory waste was originally recorded as SW429 and updated to SW421.*

Non-Hazardous Waste

Waste Stream	Classification	FY2025 (MT)
Paper waste	Non-hazardous	55.619
Total non-hazardous waste		**55.619**

Moving Forward

Moving forward, Wang-Zheng should deepen waste-data granularity, strengthen waste-reduction targets for significant streams and continue pursuing circular and recycling opportunities that reduce reliance on landfill and improve material efficiency.

M18 WATER MANAGEMENT

Why It Matters

Water management is material because responsible water use helps the Group manage cost, reduce environmental impact and build resilience against future water-stress pressures. Water stewardship is increasingly important in sustaining efficient operations and maintaining stakeholder confidence.

Our Approach

Wang-Zheng's water approach focuses on conservation, routine maintenance and practical behavioural measures. There were Water Management Programme supported by leak detection and repair, low-flow taps, pressure management, awareness campaigns and the exploration of reuse-oriented solutions. This approach combines process discipline with employee participation and reflects the Group's ongoing commitment to managing water responsibly.

Our Progress

The reported FY2025 total volume of water used was 26,856 m^3, compared with 27,304 m^3 in FY2024. This continues the downward trend seen since FY2022.

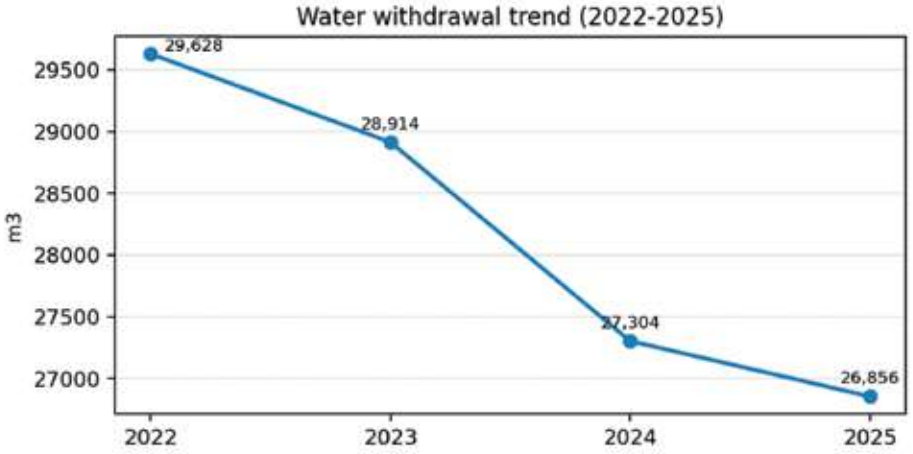
Total Water Withdrawal (m^3)

Indicator	FY2022	FY2023	FY2024	FY2025
Total Water Withdrawal (m^3)	29,628	28,914	27,304	26,856

Water Intensity (m^3 per RM million revenue)

Indicator	FY2022	FY2023	FY2024	FY2025
Water Intensity (m^3 / RM million revenue)	110.4	102.4	88.3	88.7

All of the Group's manufacturing and processing sites hold recognised environmental management system certifications, and no environmental fines or penalties were incurred from FY2022 to FY2025.



Moving Forward

Looking ahead, Wang-Zheng should continue refining site-level monitoring, validate progress against baseline reduction targets and evaluate further reuse and recycling opportunities. More explicit trend disclosure would help stakeholders understand the depth of the Group's water stewardship journey.

6. Social Performance

In FY2025, Wang-Zheng continued to strengthen its social performance agenda through sustained efforts to support workforce capability, workplace safety, employee well-being and meaningful community engagement. As a people-driven organisation operating in a manufacturing environment, we recognise that long-term business resilience is closely linked to the health, safety, development and welfare of our employees, as well as the positive role we play in the wider community. The stronger body of evidence available in FY2025, particularly in relation to structured safety training, employee wellness initiatives and community investment activities, reflects the Group's ongoing commitment to building a responsible, supportive and values-driven workplace.

M9 OCCUPATIONAL SAFETY & HEALTH

Why It Matters

Occupational safety and health remain among the Group's most immediate responsibilities because manufacturing and operational environments expose employees and contractors to physical hazards that must be managed with discipline and consistency. A safe workplace protects people, sustains productivity and strengthens trust in management.

Our Approach

Wang-Zheng's approach to occupational safety and health is guided by the principle that every employee has the right to work in a safe, secure and well-managed environment. Our safety management efforts are anchored in structured OSHE governance, HIRARC-based risk assessments, emergency preparedness measures and practical training programmes designed to strengthen hazard awareness and safe work practices across our operations. Through the active role of the Safety and Health Committee, the Group continues to promote shared accountability for workplace safety while reinforcing the importance of prevention, vigilance and timely response.

In FY2025, our OSHE programme remained focused on strengthening operational readiness and cultivating a stronger safety culture across the organisation. This included refresher training, PPE awareness initiatives, fire safety enhancements and updates to emergency response procedures. These efforts reflect our view that workplace safety is not merely a compliance requirement, but a core operational priority and a visible expression of management's commitment to employee well-being, operational continuity and responsible business conduct.

Our Progress

In FY2025, Wang-Zheng continued to advance its occupational safety and health efforts through a more structured and visible programme of safety-related initiatives. The Group carried out activities aimed at reinforcing employee awareness, strengthening emergency preparedness and supporting safer day-to-day operations across the workplace. These included safety training and refresher sessions, PPE-related awareness efforts, fire safety measures and continued engagement through the Safety and Health Committee. Collectively, these initiatives demonstrate our continued focus on embedding safety consciousness into the workplace and ensuring that employees remain equipped to identify, understand and respond to operational risks.

Health & safety KPI	FY2024	FY2025
Work-related fatalities	0	0
LTIR	0.0	0.84
Employees trained on health & safety	49 key personnel targeted	88

The Group also continued to enhance visibility over workplace safety performance through the tracking of relevant safety indicators. In FY2025, Wang-Zheng recorded a lost time incident rate ("LTIR") of 0.8403, based on 714,000 acumulative working hours. This level of disclosure supports greater transparency in reporting and reflects the Group's ongoing efforts to strengthen monitoring, accountability and performance management in relation to workplace safety. More broadly, our continued investment in structured safety practices underscores our commitment to protecting our people while sustaining operational resilience and productivity. To strengthen workplace safety, 88 employees underwent occupational health and safety training, supported by a practical and role-based learning approach that goes beyond compliance-driven policy communication. Key programmes such as ERT training and First Aid, AED and CPR training equipped employees with critical emergency response skills and improved on-site preparedness. Complementing these efforts, the Group also provided free medical check-ups for all employees to raise health awareness, support preventive healthcare and reduce the burden of medical screening costs for 148 employees. This holistic approach demonstrates Wang-Zheng Berhad's commitment to creating a safer, healthier and more resilient workforce, while reinforcing its reputation as a responsible and caring employer.

2025 initiative	Date	Participation	Key outcome
Emergency Response Team (ERT) training	7 Nov 2025	21 participants	Conducted with Bestari Jaya Fire and Rescue Station; covered roles, fire prevention, evacuation and practical drills.
First Aid, AED and CPR training	12 Nov 2025	24 participants	Conducted with Emergency Care and Safety Institute; covered first aid, CPR, AED use and simulated emergency scenarios.



Moving Forward

Moving forward, the Group should continue strengthening site-level safety governance through targeted training for high-risk roles, periodic HIRARC reviews, emergency drills and closer tracking of leading indicators. This would support a stronger and more prevention-oriented safety culture in future years.

M10 QUALITY

Why It Matters

Quality is material because Wang-Zheng's reputation and commercial performance are built on its ability to provide reliable products that meet customer expectations and relevant standards. In a consumer-products business, quality outcomes have direct implications for customer trust, repeat business and brand strength.

Our Approach

The Group's quality approach is reflected in its long-standing emphasis on product integrity, process discipline and responsiveness to customer feedback. Quality is managed across the value chain, from raw material handling and production processes to finished-product presentation, marketing and distribution. This approach is supported by the Group's Quality Management System ("QMS"), including ISO 9001 certification, which helps ensure that quality standards, controls and continuous improvement practices are applied consistently across relevant operations. In this way, quality remains both a customer and a governance priority, reflecting the Group's commitment to delivering dependable outcomes through disciplined management and operational control.

Our Progress

The FY2024 Sustainability Statement reported zero customer complaints and zero incidents of non-compliance concerning health and safety impacts of products and services.

Quality KPI	FY2024	FY2025
Customer complaints received	0	0
Customer complaints resolved	0	0
Product health & safety non-compliance incidents	0	0

Moving Forward

Future reporting would be strengthened by clearer disclosure of complaint rates, corrective actions, non-conformance trends and quality assurance activities across key products and sites. This would help readers assess not only intent, but also the consistency of execution.

M11 CUSTOMER ENGAGEMENT

Why It Matters

Customer engagement is material because sustained business performance depends on how well the Group understands customer needs, responds to feedback and protects the trust placed in its products and services. Strong engagement supports retention, relevance and brand confidence.

Our Approach

Wang-Zheng engages customers through ongoing service channels, operating touchpoints and feedback mechanisms that help management understand expectations and identify areas for improvement. The Group's broader disclosures on privacy, quality and product responsibility suggest that customer engagement is not treated in isolation; it sits alongside the disciplines that shape customer experience more broadly, including product reliability, service responsiveness and data protection. Stakeholder trust is strengthened when these areas are managed in a coordinated and consistent manner.

Our Progress

In FY2025, Wang-Zheng continued to strengthen customer engagement through closer collaboration, market-responsive product development and ongoing efforts to improve service quality across its consumer and business-facing channels. As customer expectations evolve across personal care and household essentials categories, the Group remained focused on building long-term relationships with customers and business partners by ensuring that product offerings, quality specifications and distribution support remain aligned with market needs.

A key area of progress during the year was the Group's continued collaboration with strategic partners and customers in the development of customised personal hygiene products, including adult and baby diapers. Through these partnerships, Wang-Zheng worked closely with customers to understand specific market preferences, product requirements and commercial expectations, enabling the Group to deliver solutions that are better tailored to end-user demand. This customer-led approach supports product relevance, strengthens customer confidence and reinforces Wang-Zheng's role as a responsive and dependable manufacturing partner.

The Group also continued to emphasise supply chain collaboration as an important part of customer engagement. By maintaining close coordination with customers and channel partners, Wang-Zheng supported smoother product distribution across key retail touchpoints, including hypermarkets, supermarkets and pharmacies. This collaborative approach helps ensure product availability, timely fulfilment and more effective access to target consumers, while also strengthening the Group's commercial relationships across its distribution network.

In addition, Wang-Zheng maintained a customer-centric approach to product development by actively engaging with clients on product features, quality expectations and packaging requirements, particularly for disposable baby diapers, sanitary protection products and tissue-based items. Such engagement enables the Group to refine its offerings in line with customer specifications while supporting product consistency, functionality and market competitiveness. To complement this, Wang-Zheng also conducts customer satisfaction surveys as part of its efforts to gather feedback and better understand customer experience. Insights gathered through these engagements help the Group enhance the relevance and competitiveness of products marketed under brands such as Carina, Drypro and Incontrol, while supporting continuous improvement in product and service delivery.



Overall, the Group's progress in customer engagement reflects its continued commitment to listening to customers, strengthening partnerships and embedding customer insights into business decisions. These efforts contribute to stronger market responsiveness, deeper stakeholder trust and more sustainable long-term value creation.

Moving Forward

Going forward, Wang-Zheng should consider disclosing structured customer engagement indicators such as satisfaction scores, complaint closure timelines, recurring issue themes and examples of improvements made in response to customer input. This would significantly enhance the publication value of this section.

M12 REPUTATION

Why It Matters

Reputation is material because the Group's standing with customers, employees, investors, regulators and communities directly affects its social licence to operate and its ability to sustain long-term value creation. Reputation is earned through consistency in conduct and performance across many parts of the business.

Our Approach

Wang-Zheng's reputation is shaped by the cumulative effect of governance, quality, product responsibility, safety, community engagement and transparent reporting. In other words, reputation is not managed through a single programme, but through the day-to-day delivery of commitments that stakeholders experience directly. Accordingly, reputation is built through leadership credibility, operational discipline and the consistent delivery of commitments, rather than through standalone communications efforts.

Our Progress

Although a dedicated FY2025 reputation metric was not available, the overall direction of disclosed performance suggests that Wang-Zheng continues to protect its reputation through practical actions that reinforce stakeholder confidence.

Moving Forward

Looking ahead, the Group should consider formalising reputation monitoring through stakeholder feedback, grievance trends, complaint analysis and media or issue tracking. More explicit indicators would strengthen future disclosures and help management detect emerging trust issues earlier.

M19 Diversity, Inclusion & Talent Development

Why It Matters

Diversity, inclusion and talent development are material because a capable and increasingly inclusive workforce helps the Group build resilience, improve succession readiness and strengthen decision-making. People capability remains especially important in an operating environment where execution quality matters deeply.

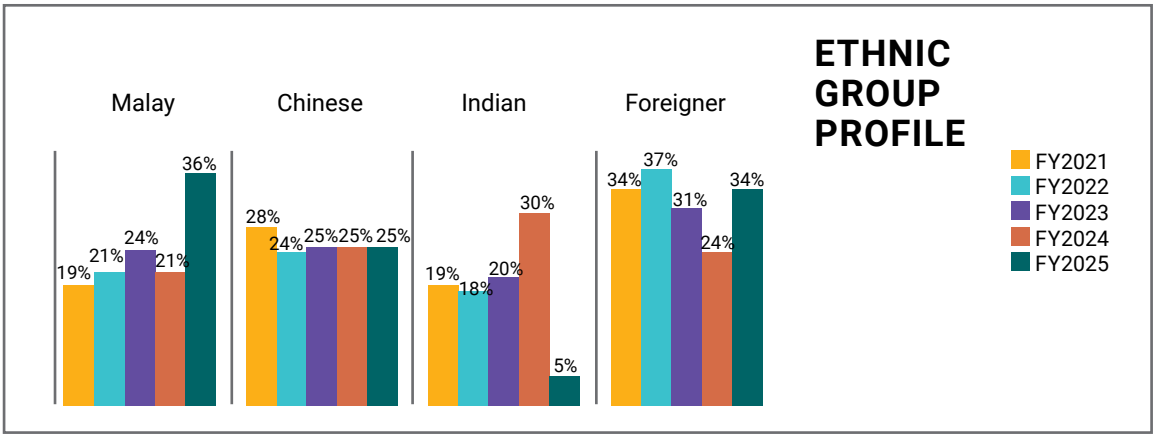
Our Approach

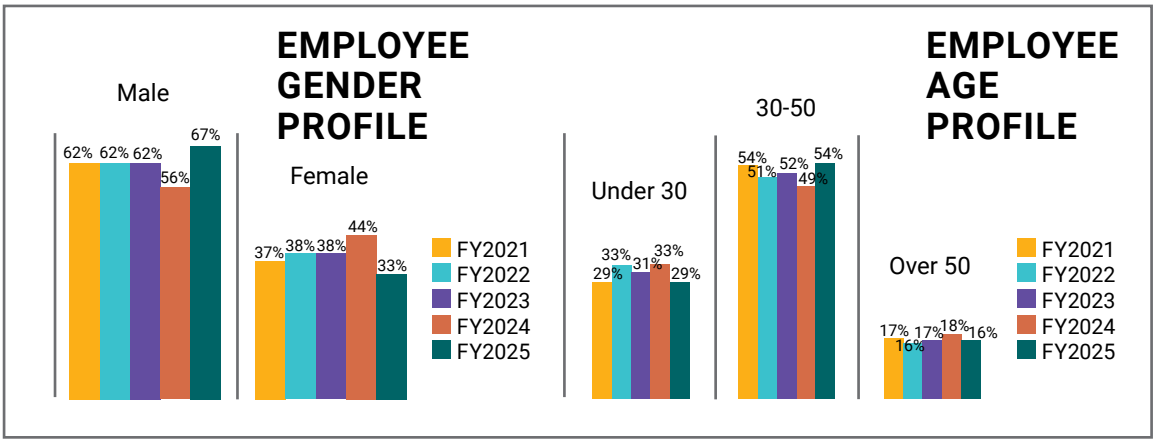
The Group's approach centres on merit-based employment practices, equitable access to development opportunities and transparent workforce monitoring. During FY2025, talent management supported recruitment, performance-based advancement and structured employee development across the Group. This demonstrates that inclusion is being linked to capability building and long-term business performance, rather than being treated purely as a demographic disclosure exercise.

Our Progress

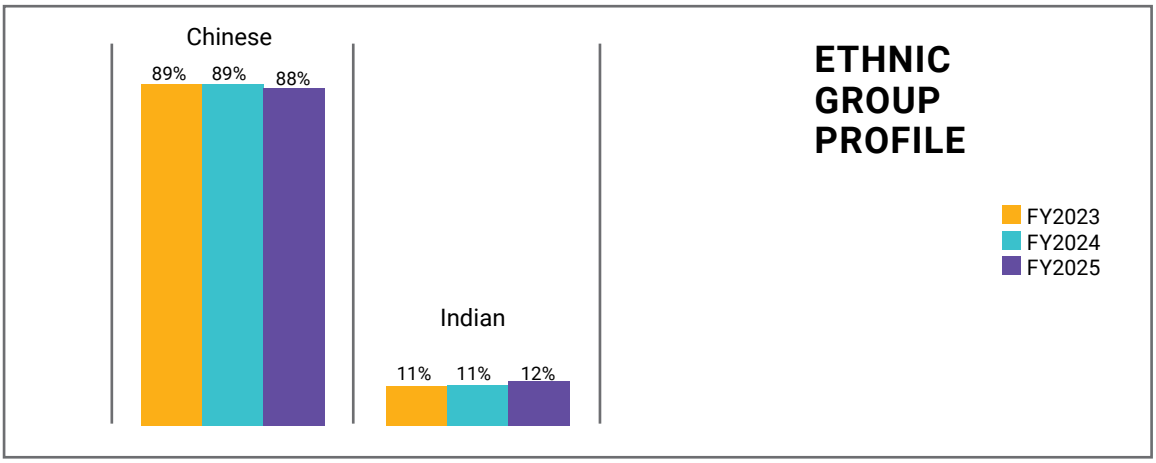
In FY2025, the Group's workforce data provided clearer visibility into our people composition, supported by the employee diversity disclosures table presented below. This enhanced level of disclosure reflects Wang-Zheng's continued commitment to transparency in reporting, while reinforcing our focus on building a diverse, inclusive and well-managed workforce. Beyond workforce composition, we continued to strengthen our people agenda through ongoing employee development initiatives, training programmes and structured people management practices aimed at supporting capability building, engagement and long-term organisational resilience.

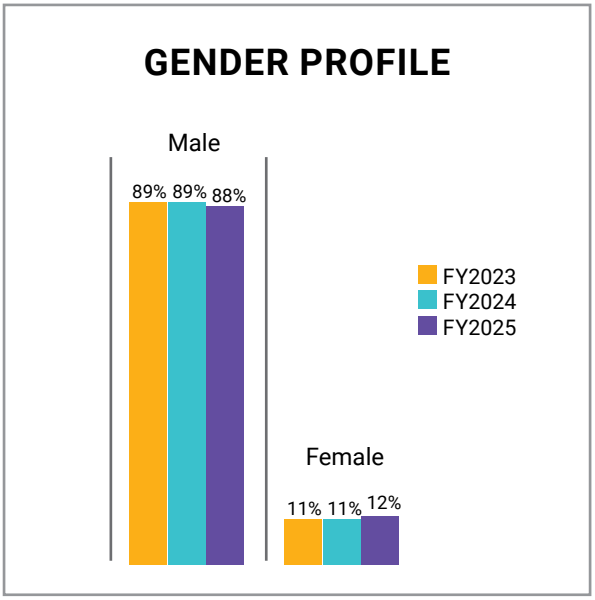
Employee Ethnic Group, Gender, and Age Profile





Director's Ethnic Group, Gender, and Age Profile







Driven by the Group's growth ambitions, we continue to invest in attracting talented individuals who can grow their careers with the Group. In FY2025, our active recruitment efforts resulted in 116 new hires, with a breakdown by employee category and age group presented in the table below.

Metrics	UOM	FY2025
New Hires by Employee Category	Pax	116
Management	Pax	1
Executive	Pax	10
Non-executive	Pax	105
New Hires by Age Group	Pax	116
Under 30	Pax	62
30 – 50	Pax	47
Over 50	Pax	7

Moving Forward

Moving forward, Wang-Zheng can strengthen this material matter by setting clearer talent-development and inclusion milestones, especially around leadership diversity, succession planning and pathways for under-represented groups. A more outcome-focused narrative would elevate future disclosures.

M20 EMPLOYEE WELLNESS, ENGAGEMENT & SATISFACTION

Why It Matters

Employee wellness, engagement and satisfaction are material because people are central to the Group's ability to execute consistently, maintain quality and sustain a positive workplace culture. A supported workforce is more resilient, more capable and better positioned to contribute to long-term business performance.

Our Approach

Wang-Zheng supports employee well-being through a combination of training, employee care initiatives, workplace support measures and management processes designed to foster a fair and stable working environment. The Group's disclosures suggest that wellness is approached pragmatically: by investing in development, supporting preventive care and maintaining an environment in which employees can contribute productively and safely. In Bursa-style terms, this reflects a people agenda anchored in both care and capability.

Our Progress

In FY2025, the Group recorded a total of 2,252 training hours across management, executive and non-executive or technical staff categories, comprising 139 hours for management, 994 hours for executives and 1,119 hours for non-executive or technical staff. There were 171 employee turnover cases during the year. Taken together, these disclosures indicate that the Group is investing in both workforce capability and well-being, although fuller employee-engagement metrics remain limited.

Metrics	FY2024	FY2025
Total Training hours	1,524	2,252
Total Hours of Training by Employee Category: Management	–	139
Total Hours of Training by Employee Category: Executive	–	994
Total Hours of Training by Employee Category: Non-Executive	–	1,119
Employee turnover	–	171

The "Uniting for Impact" training served as a meaningful employee engagement event to reunite and strengthen the Wang-Zheng family spirit, while promoting employee engagement and deepening employees' appreciation of the importance of coming together with a shared sense of purpose and impact.







Moving Forward

Future disclosures would benefit from more structured measurement of employee wellness and engagement, including participation rates, absenteeism, survey outcomes, turnover drivers and corrective actions. This would help translate people initiatives into a stronger, more decision-useful performance narrative.

COMMUNITY INVESTMENT

Why It Matters

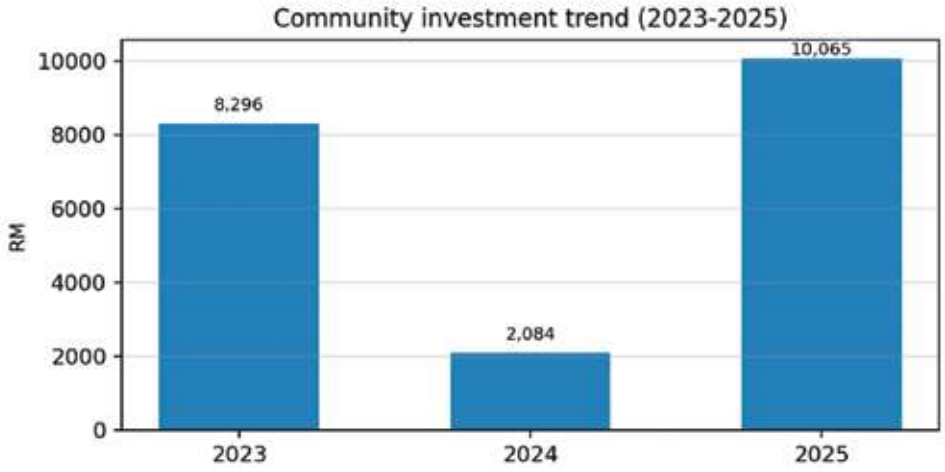
At Wang-Zheng Berhad, we believe sustainable growth should translate into meaningful value for the wider community. Community investment matters because it reflects how the Group brings its corporate values to life beyond the factory floor and beyond commercial outcomes alone. Purposeful outreach helps strengthen stakeholder trust, deepen employee pride and reinforce our standing as a responsible corporate citizen. It also demonstrates that our sustainability journey is not limited to internal operations, but extends to the wellbeing of vulnerable groups and the communities with whom we share a common future.

Our Approach

Our community investment approach is guided by the belief that small acts of care can create lasting social value when they are delivered with sincerity, continuity and employee involvement. In Bursa-style terms, we see community initiatives not as one-off gestures, but as part of a broader value-creation narrative that connects business success with human impact. Wang-Zheng therefore encourages practical, hands-on programmes that allow our people to contribute directly, build empathy and embody the Group's values of compassion, responsibility and shared progress. In FY2025, this approach was reflected through Sentuhan Kaseh 2025, an employee volunteerism and charitable outreach initiative led by the Human Resources Department under the Group's social pillar, with a focus on delivering essential support while strengthening the culture of care within the organisation.

Our Progress

In FY2025, Wang-Zheng translated this commitment into action through the Sentuhan Kaseh 2025 charity programme held on 12 October 2025. The initiative brought together 17 employee volunteers from various departments for visits to Rumah Titian Kaseh HQ in Titiwangsa, Kuala Lumpur and Rumah Jagaan Warga Tua Damai in Balakong, Selangor. With a total programme contribution of RM10,065, the Group provided essential items such as diapers and tissues while also offering companionship, social interaction and emotional encouragement to residents. More importantly, the programme reflected the character of the Group's ESG journey: people-centred, values-driven and grounded in meaningful action. By connecting employees directly with beneficiaries, Wang-Zheng strengthened both its community relationships and its internal culture of volunteerism, demonstrating that corporate resilience and social contribution can progress hand in hand.



Project / programme	Date	Focus	2025 result
Sentuhan Kaseh 2025 charity programme	12 Oct 2025	Two welfare homes in Kuala Lumpur and Selangor	17 employee volunteers; RM10,065 donated; 187 beneficiaries.



Moving Forward

Moving forward, Wang-Zheng aims to sustain and progressively strengthen its community investment efforts by identifying initiatives that create deeper and more measurable social value. We intend to encourage broader employee participation, widen the reach of future outreach programmes and further align community initiatives with the Group's sustainability aspirations. Over time, a more structured community investment roadmap, supported by clearer participation and impact indicators, will help the Group demonstrate how its social contributions continue to create value for communities while nurturing a caring, purpose-driven and resilient corporate culture.

M21 HUMAN RIGHTS

Why It Matters

Human rights are material because fair treatment, lawful employment practices and access to grievance mechanisms are integral to a responsible workplace and an ethical value chain. Respect for human rights strengthens trust internally and externally.

Our Approach

Wang-Zheng's human-rights posture is reflected through its labour practices, code of conduct expectations, workplace governance and commitment to lawful and fair treatment. While the current source pack does not show a standalone human-rights policy narrative in great detail, the Group's wider approach to labour standards, safety, anti-corruption and grievance-related controls indicates that human-rights considerations are embedded across multiple people and governance processes. This is particularly important in a manufacturing context, where worker well-being, dignity and access to recourse matter.

Our Progress

There were zero substantiated complaints concerning human-rights violations. This is a positive indicator and supports the narrative that the Group maintained a stable labour and workplace environment during the reporting period. The broader disclosures on labour standards, training and OSHE also suggest that Wang-Zheng continues to support employee welfare through structured management processes. That said, more explicit disclosure on due diligence, grievance accessibility and value-chain coverage would further strengthen external reporting.

Human rights KPI	FY2025
Substantiated complaints concerning human-rights violations	0
Human Right Related Training Hours Provided	20.5

Moving Forward

Looking ahead, the Group should consider formalising and disclosing a more explicit human-rights due diligence approach, including supplier expectations, worker grievance access and oversight of higher-risk labour issues where relevant. This would improve transparency and align with rising stakeholder expectations.

7. GOVERNANCE

Strong governance remains fundamental to Wang-Zheng's ability to operate responsibly, manage risk effectively and create sustainable long-term value. In FY2025, the Group continued to strengthen its governance-related practices across key areas such as business ethics, anti-corruption, supplier oversight, data privacy and corporate accountability. While certain governance measures were communicated primarily through policy narratives and management disclosures, the overall body of evidence reflects Wang-Zheng's continued commitment to maintaining sound governance practices that support regulatory compliance, stakeholder trust and responsible decision-making across the organisation.

M1 ECONOMIC PERFORMANCE

Why It Matters

Economic performance remains foundational to Wang-Zheng's ability to create enduring value. As a manufacturer, converter and distributor of fibre-based products, the Group's financial resilience influences its capacity to invest in people, quality systems, operational improvements, community initiatives and longer-term sustainability priorities. Strong performance also reinforces confidence among shareholders, customers, employees, suppliers and regulators, while supporting the continuity of a business that serves essential everyday consumer needs.

Our Approach

Wang-Zheng manages economic performance through disciplined financial oversight, prudent capital management and a continued focus on operational efficiency across its business activities. Our approach is centred on sustaining profitability, preserving resilience and ensuring that business growth remains supported by sound commercial fundamentals. In managing performance, the Group monitors key financial and operational indicators, aligns business planning with market conditions and prioritises investments that strengthen production capability, product quality, customer service and long-term competitiveness.

At the same time, we recognise that economic performance is closely linked to broader sustainability outcomes. A financially resilient business is better positioned to support its workforce, maintain strong supply chain relationships, invest in governance and risk management systems, and contribute meaningfully to community wellbeing. As such, our management of economic performance goes beyond short-term financial results and reflects our intention to create sustainable value for stakeholders through responsible growth, careful resource allocation and continued business continuity.

Our Progress

In FY2025, Wang-Zheng continued to navigate a dynamic operating environment while maintaining focus on financial discipline, operational continuity and market responsiveness. The Group's performance reflects ongoing efforts to balance commercial priorities with cost management, customer fulfilment and production efficiency. This allowed us to remain focused on sustaining business resilience while continuing to support broader organisational and sustainability priorities.

In FY2024, the Group disclosed economic value generated of RM316.79 million and economic value retained of RM4.62 million, illustrating continued value creation despite a demanding operating landscape. The Group's community contribution increased to RM10,065, signalling that value creation is continuing to translate into visible stakeholder outcomes beyond the factory gate.

Description	FY 2022 (RM)	FY 2023 (RM)	FY 2024 (RM)	FY 2025 (RM)
Economic value generated (i.e., revenue and other income)	272,600,421	288,336,207	316,790,384	312,531,438
Economic value distributed:				
Operating costs	238,427,645	253,726,341	281,725,649	273,938,041
Employee wages and benefits	20,039,287	20,451,470	20,982,186	20,745,500
Payment to providers of capital (i.e., dividend and financing costs)	5,287,646	5,459,742	7,498,320	3,047,620
Payment to government (i.e., tax)	3,765,239	2,662,927	1,965,851	2,183,385
Community investment	–	8,296	2,084	10,065
Economic value retained	5,080,604	6,027,431	4,616,294	12,606,827

Moving Forward

Moving forward, Wang-Zheng should sharpen the link between financial performance and sustainability value creation by disclosing clearer year-on-year connections between profitability, reinvestment, employee development, community spending and operational efficiency. A more presentation would also benefit from refreshed FY2025 economic value generated and distributed data, enabling stakeholders to see more clearly how the Group converts business performance into long-term stakeholder value.

M2 COMPLIANCE

Why It Matters

Compliance is material because Wang-Zheng operates in a regulated business environment where adherence to applicable laws, regulations and internal standards is fundamental to preserving stakeholder confidence, maintaining operational integrity and safeguarding its licence to operate. Strong compliance practices also reflect accountability, sound governance and disciplined management oversight, all of which are expected of a Main Market listed issuer.

Our Approach

The Group embeds compliance within its governance and management framework, with oversight exercised by the Board and supported by the relevant Board committees and management functions. This approach covers adherence to applicable legal and regulatory requirements, internal policies and reporting obligations, while promoting ethical conduct, responsible business practices and timely escalation of potential issues. As the reporting landscape continues to evolve, Wang-Zheng also recognises the importance of maintaining clear, evidence-based and decision-useful disclosures that demonstrate the effectiveness of its compliance processes. Board-level oversight of compliance is supported by the Board Charter, which assigns responsibility for compliance with applicable laws, regulations and listing requirements to the Board (Section 3.3(i)). The existence of Board committees further supports this governance structure.

Our Progress

For FY2025, the Group recorded zero cases of violations of international laws, local Malaysian laws or material lawsuit cases. Based on matters reported during the financial year, the Group did not encounter significant legal or regulatory non-compliance events requiring disclosure under this material matter. This outcome indicates that the Group's core compliance controls remained in place during the reporting period and underscores the importance of sustaining disciplined oversight, awareness and accountability across the organisation.

Compliance matter	FY2025 status
Violations of international and local Malaysian laws, and material lawsuit cases	0

Moving Forward

Moving forward, Wang-Zheng should continue strengthening its compliance management processes by enhancing control documentation, accountability and internal monitoring over key legal and regulatory obligations. Continued focus on early identification, escalation and remediation of compliance risks will support stronger governance resilience and improve the quality, credibility and decision-usefulness of future sustainability disclosures.

M3 SUPPLY CHAIN MANAGEMENT

Why It Matters

Supply chain management is material because Wang-Zheng's operating continuity, cost competitiveness and product reliability depend on stable sourcing relationships and timely access to inputs. As a producer of essential fibre-based goods, the Group's ability to manage suppliers effectively affects quality consistency, service delivery and resilience against disruption.

Our Approach

Wang-Zheng's supply chain approach is centred on structured procurement procedures, supplier selection controls and relationship-based sourcing across both local and international suppliers. In line with the Group's prior disclosures, supplier management emphasises continuity, quality and commercial discipline, while the direction of travel in FY2025 increasingly points toward a more responsible procurement model. This means moving beyond transactional sourcing to progressively integrate sustainability considerations into supplier onboarding, evaluation and engagement. Such an approach is especially valuable in a business where supply assurance and quality performance are deeply interconnected.

Our Progress

In FY2025, the Group's supply chain operations remained stable, supported by diversified sourcing and long-standing supplier relationships. Of total procurement spending, 47.0%, equivalent to RM114,443,995 was directed to local suppliers, while RM128,966,431 was spent on foreign suppliers. This reflects a modest improvement from the 46.0% local supplier ratio disclosed in FY2024 and indicates Wang-Zheng's continued contribution to local economic participation, while retaining the sourcing flexibility needed to support operational requirements. While the source pack did not clearly evidence quantified FY2025 ESG supplier assessment coverage, the overall picture remains one of operational continuity and provides a sound platform from which more formal sustainable procurement practices can be strengthened over time.

Supply chain KPI	FY2024	FY2025
Proportion of spending on local suppliers	46.0%	47.0%

Moving Forward

Going forward, the Group should formalise sustainable supply chain management by expanding ESG screening across key suppliers, embedding sustainability clauses into procurement documentation and disclosing clearer supplier-coverage metrics. This would strengthen both resilience and reporting quality, while aligning procurement practice more closely with stakeholder expectations.

M4 CORPORATE GOVERNANCE

Why It Matters

Corporate governance is material because it provides the institutional foundation for responsible decision-making, accountability and long-term stewardship. For a listed company, good governance underpins stakeholder confidence and helps ensure that strategy, risk management and sustainability are guided by appropriate oversight.

Our Approach

Wang-Zheng has established a governance structure comprising the Board of Directors and relevant committees, including the Audit Committee, Risk Management Committee and Corporate Sustainability Committee, supported by management, a Sustainability Coordinator and working groups. This structure is important because it creates clear oversight channels for financial performance, risk, sustainability and internal control. Governance at Wang-Zheng is therefore not treated as a standalone compliance matter; rather, it provides the foundation through which material matters are reviewed, priorities are set and the Group's strategic direction is monitored. This reinforces accountability and oversight as central elements of long-term value creation.

Our Progress

Wang-Zheng's corporate governance framework is supported by a structured suite of policies, charters and procedural guidelines that collectively define the standards of conduct, oversight and accountability across the Group. These governance instruments reinforce ethical business practices, strengthen risk management and support effective board oversight, while enhancing stakeholder confidence in the Group's operations. In FY2025, the Group continued to uphold and operationalise these policies as part of its commitment to transparency, integrity and responsible governance. The key governance policies and documents are presented in the table below.

Category	Policy / document
Governance framework	Board Charter
Board governance	Board Diversity Policy
Sustainability governance	ESG Policy
Data governance	Personal Data Protection Act Policy
Ethics and integrity	Policies & Procedures of Anti-Corruption & Bribery
Remuneration governance	Remuneration Policy
Board / senior leadership suitability	Fit and Proper Policy
Speak-up / accountability	Whistle Blowing Policy
Conflict management	Conflict of Interest Policy
Conduct standards	Code of Ethics & Conducts
Committee governance	Terms of Reference – Audit Committee
Committee governance	Terms of Reference – Nomination Committee
Committee governance	Terms of Reference – Remuneration Committee
Risk oversight	Terms of Reference – Risk Management Committee

Moving Forward

Looking ahead, Wang-Zheng can further elevate governance maturity by strengthening sustainability competencies at Board level, sharpening accountability for material-matter KPIs and disclosing more clearly how governance discussions translate into concrete operational decisions.

M5 DATA PRIVACY AND CYBERSECURITY

Why It Matters

Data privacy and cybersecurity are material because stakeholder trust increasingly depends on how responsibly information is collected, handled, protected and retained. Even where a company's digital footprint is not primarily customer-facing, lapses in data governance can result in regulatory, reputational and operational consequences.

Our Approach

Wang-Zheng's approach is grounded in PDPA-aligned data protection practices, internal controls and employee accountability. The FY2025 activity disclosures point to a Data Privacy and Information Security Management Programme that governs how information is collected, used, stored and protected. This includes policy-based controls, staff awareness measures and the reinforcement of responsible data-handling behaviours across the organisation. In a Bursa-style sustainability narrative, this matters because data protection is not only an IT issue; it is a governance and trust issue that cuts across operations, people management and third-party relationships.

Our Progress

In FY2025, the Group reinforced data privacy and security practices through internal data-handling controls, awareness-building and governance-focused training. There were no substantiated complaints concerning breaches of customer privacy or losses of customer data, indicating that no material incidents were reported during the period. This supports the view that the Group maintained a generally stable privacy control environment during the year. Where annual declaration counts or broader cyber-readiness indicators remain subject to management validation, those figures should be confirmed before final publication.

Privacy KPI	FY2024	FY2025
Substantiated privacy complaints	0	0
Employee declarations	145	322

Moving Forward

Moving forward, Wang-Zheng should deepen its data governance maturity by tracking completion of relevant privacy declarations, refreshing cyber-awareness training and extending data-protection expectations to third-party service providers and vendors.

M6 BUSINESS ETHICS / CODE

Why It Matters

Business ethics is material because integrity underpins the credibility of every commercial and governance decision the Group makes. Ethical lapses can lead to financial loss, legal exposure and reputational damage, while a strong ethical culture supports trust, discipline and sustainable growth.

Our Approach

Wang-Zheng's ethical framework is anchored in its anti-corruption and bribery controls, whistleblowing mechanisms and employee awareness efforts. The FY2024 and FY2025 source materials reference a zero-tolerance posture toward bribery and corruption, supported by training, policy deployment, supplier declarations and dedicated reporting channels. In Bursa-style terms, the Group's ethical approach is most meaningful when viewed as part of its wider governance culture: one that expects employees and business partners to act with integrity, observe proper conduct and escalate concerns responsibly.

Our Progress

In FY2025, the Group carried out a structured training programme titled ESG-Driven Governance: Anti-Bribery Anti-Corruption and Data Privacy Compliance, helping reinforce awareness among management and employees. There were zero confirmed incidents of corruption for the year, which is consistent with the Group's stated zero-tolerance stance. Training coverage by employee category, as reflected in the current data pack, was uneven and should be interpreted carefully: 21.43% for management, 34.0% for executives, 2.33% for non-executive or technical staff and 0.0% for general workers.

Anti-corruption	FY2025
Confirmed incidents of corruption	0
Management trained	21.43%
Executive trained	34.0%
Non-executive / technical staff trained	2.33%
General workers trained	0.0%*
Percentage of operations assessed for corruption-related risks	0%

Moving Forward

Going forward, Wang-Zheng should close remaining gaps in documented ethics training coverage, validate corruption-risk assessment coverage and report more clearly on how whistleblowing, investigation handling and supplier integrity expectations are working in practice. This would materially improve disclosure credibility.

M7 BUSINESS MODEL

Why It Matters

Business model resilience matters because Wang-Zheng's long-term competitiveness depends not only on current sales performance, but also on its ability to respond to changes in consumer demand, input costs, operating efficiency, digitalisation, regulatory expectations and stakeholder priorities. As a manufacturer, processor and distributor of processed paper and fibre-based products, the Group's resilience is shaped by how well it sustains product relevance, manages costs, protects supply continuity and maintains trusted market access across both own-brand and OEM channels. A resilient business model enables Wang-Zheng to remain commercially relevant while creating value in a responsible and sustainable manner.

Our Approach

Wang-Zheng's business model is centred on two complementary segments: processed paper products, and disposable fibre-based products such as baby and adult diapers, wipes, tissues and cotton items. The Group creates value through an integrated model that combines manufacturing, processing and distribution, supported by a broad retail and distribution network as well as OEM production for local and international brands. This diversified structure helps the Group balance market reach, product mix and revenue opportunities across different customer segments.

In strengthening business model resilience, Wang-Zheng focuses on improving operational efficiency, reducing waste, enhancing product quality and investing in capabilities that support future growth. During the year, the Group continued to invest in technology, talent, innovation and digital capabilities, while also completing its solar energy project to reduce electricity costs and support lower operational emissions. At the same time, the Group maintained emphasis on employee development through structured training and development programmes, recognising that workforce capability is a key enabler of long-term business continuity and value creation.

Our Progress

In FY2025, Wang-Zheng continued to strengthen the foundations of its business model through product and market development, including the launch of the hanging tissue series, kitchen towel and kitchen wipes, as well as expansion into Papua New Guinea. The Group also continued refining its product strategy by focusing on quality approach, while leveraging its established distribution presence across hypermarkets, supermarkets, mini markets, pharmaceutical and medical halls, departmental stores, personal care outlets and e-commerce channels. Together, these actions reflect Wang-Zheng's effort to align strategy, operations and stakeholder value in a way that supports resilience and sustainable growth.





Moving Forward

Moving forward, Wang-Zheng would benefit from articulating more explicitly how sustainability investments, digital or operational improvements, channel development and product quality initiatives are reshaping the Group's business model.

M8 BUSINESS & PRODUCT MIX

Why It Matters

Business and product mix are material because a balanced portfolio helps Wang-Zheng respond to customer demand, manage concentration risk and sustain competitiveness across different market segments. In a consumer-products context, product relevance and channel balance remain central to growth quality.

Our Approach

Wang-Zheng's operating footprint across manufacturing, conversion, marketing and distribution gives it multiple touchpoints across the fibre-based products value chain. The Group's approach to business and product mix is therefore shaped by customer demand, product performance, channel needs and the ongoing need to protect quality and margins. In a Bursa-style narrative, this should be viewed as part of the Group's broader commitment to delivering quality products for better living, while remaining commercially disciplined and responsive to evolving consumer and market requirements.

Our Progress

In FY2025, Wang-Zheng continued to strengthen the positioning of its business and product mix by maintaining a balanced portfolio across processed paper products and disposable fibre-based products. The Group's product offerings remained anchored in essential, fast-moving consumer and industrial categories, including industrial paper, hygiene products, tissue products and cotton-based items, enabling the Group to serve a diverse customer base across both business-to-business and consumer segments.

During the year, the Group sustained its focus on enhancing product relevance and market responsiveness through ongoing portfolio refinement. Efforts were undertaken to rationalise selected SKUs, allowing the Group to place greater emphasis on higher-demand and value-driven products, while improving operational efficiency and inventory management. At the same time, Wang-Zheng continued to support its proprietary brands alongside OEM manufacturing activities, enabling broader market reach and diversification of revenue streams.



The Group also maintained its multi-channel distribution strategy, with products made available through hypermarkets, supermarkets, pharmacies, personal care outlets and expanding e-commerce platforms. This approach supports improved product accessibility and visibility, particularly in response to evolving consumer purchasing behaviours and the growing importance of digital channels.

Overall, the continued evolution of Wang-Zheng's business and product mix reflects its efforts to balance product diversity with operational discipline, while strengthening its ability to respond to market dynamics and sustain long-term value creation.

Moving Forward

Future disclosures would be enhanced by including clearer insight into how major product categories, owned brands, OEM business and route-to-market dynamics contribute to the Group's value creation.

M14 RISK MANAGEMENT

Why It Matters

Risk management is material because Wang-Zheng operates in an environment shaped by market volatility, supply disruption, safety exposures, regulatory change and climate-related transition pressures. Effective risk management protects resilience and enables more confident execution of strategy.

Our Approach

Our sustainability and climate-related matters are integrated into the Group's wider governance and oversight structure, with the Risk Management Committee and Corporate Sustainability Committee playing important roles. This suggests that Wang-Zheng does not treat risk as a standalone compliance exercise, but as an ongoing management discipline tied to strategy, internal control and operational continuity. A strong Bursa-style narrative therefore positions risk management as the connective tissue between material matters and business decision-making, rather than as a back-end reporting requirement.

Our Progress

In FY2025, a number of disclosed outcomes point to active risk mitigation in practice. These include zero confirmed corruption incidents, zero substantiated privacy complaints, zero work-related fatalities and continued diversification of supplier sourcing, alongside investments in solar and energy resilience. Safety drills, emergency response enhancements and policy-driven controls further indicate that the Group has remained alert to both operational and governance risks.

Risk-linked indicator	FY2025
Work-related fatalities	0

Moving Forward

Going forward, Wang-Zheng can strengthen disclosure quality by presenting clearer risk categories, material sustainability risk indicators and management responses in a single, more integrated format. Doing so would improve the transparency of how the Group identifies, prioritises and responds to emerging risks and opportunities.

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
* Business Ethics / Code	Confirmed incidents of corruption and action taken	Number	0	* 0	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Target	-				
Footnote Assurance	-				
* Business Ethics / Code	Percentage of operations assessed for corruption-related risks	Percentage	* 0	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Business Ethics / Code	Anti-Corruption Training by Employee Category: Management	Percentage	* 21.43	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Business Ethics / Code	Anti-Corruption Training by Employee Category: Executive	Percentage	* 34.00	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Business Ethics / Code	Anti-Corruption Training by Employee Category: Non-Executive	Percentage	* 2.33	-	* External (Limited)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Data Privacy and Cybersecurity	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	* 0	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Supply Chain Management	Supply Chain Management--Proportion of spending on local suppliers	* Percentage	* 47	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Energy & Climate Change Management	Total Energy Consumption	MWh	* 5,673.992	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote 2025	-				
Footnote Assurance	-				
* Water Management	* Total volume of water used	* Megalitre	* 26.856	-	* External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Occupational Safety and Health	* Number of work-related fatalities	* Number	* 0	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Occupational Safety and Health	* Lost time incident rate ("LTIR")	* Rate	* 0.84	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Occupational Safety and Health	* Number of employees trained on health and safety standards	* Number	* 88	-	* External (Limited)

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Management Employees: Male	Percentage	* 86	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Management Employees: Female	Percentage	* 14	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Executive Employees: Male	Percentage	* 58	-	* External (Limited)
Footnote Sustainability Matter	-				

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Executive Employees: Female	Percentage	* 42	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Non-Executive Employees: Male	Percentage	* 68	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Gender of Non-Executive Employees: Female	Percentage	* 32	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Management Employees: Under 30	Percentage	* 0	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Management Employees: 30–50	Percentage	* 36	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Management Employees: Above 50	Percentage	* 64	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Executive Employees: Under 30	Percentage	* 6	-	* External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Executive Employees: 30–50	Percentage	* 66	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Executive Employees: Above 50	* Percentage	* 28	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Non-Executive Employees: Under 30	* Percentage	* 34	-	* External (Limited)
Footnote Sustainability Matter	-				

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Non-Executive Employees: Under 30-50	* Percentage	* 53	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Age Group of Non-Executive Employees: Above 50	* Percentage	* 13	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Diversity, Inclusion & Talent Development	* Percentage of employees that are contractors or temporary staff	* Percentage	* 0	-	* External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Employee Wellness, Engagement & Satisfaction	* Total Hours of Training by Employee Category: Management	* Hours	* 139	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Employee Wellness, Engagement & Satisfaction	* Total Hours of Training by Employee Category: Executive	* Hours	* 994	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
* Employee Wellness, Engagement & Satisfaction	* Total Hours of Training by Employee Category: Non-Executive	* Hours	* 1,119	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Employee Wellness, Engagement & Satisfaction	* Total Number of Employee Turnover by Employee Category: Management	* Number	* 0	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Employee Wellness, Engagement & Satisfaction	* Total Number of Employee Turnover by Employee Category: Executive	* Number	* 9	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Assurance	-				
* Employee Wellness, Engagement & Satisfaction	* Total Number of Employee Turnover by Employee Category: Non-Executive	* Number	* 162	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Human Rights	* Number of substantiated complaints concerning human rights violations	* Number	* 0	* 0	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Target	-				
Footnote Assurance	-				
* Local Community	* Total amount invested in the community where the target beneficiaries are external to the listed issuer	* MYR	* 10,065.36	-	* External (Limited)
Footnote Sustainability Matter	-				

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Local Community	* Total number of beneficiaries of the investment in communities	* Number	* 187	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Waste Management	* Total waste generated	* Metric Tonne	* 56.511	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	Scope 1 direct GHG emissions arise from fuel combustion in passenger vehicles and stationary combustion sources owned or controlled by the Group. In accordance with the GHG Protocol, the Group applied the relevant DEFRA/UK Government 2025 greenhouse gas conversion factors for fuels, passenger vehicles, and stationary combustion under Scope 1 emissions				
* Waste Management	* Total waste diverted from disposal	* Metric Tonne	* 55.619	-	* External (Limited)
Footnote Sustainability Matter	-				

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Waste Management	* Total waste directed to disposal	* Metric Tonne	* 0.89	-	* External (Limited)
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	-				
Footnote Assurance	-				
* Energy & Climate Change Management	* Scope 1 emissions in tonnes of CO2e	* tCO_2e	* 423.94	-	* No assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	Scope 1 direct GHG emissions arise from fuel combustion in passenger vehicles and stationary combustion sources owned or controlled by the Group. In accordance with the GHG Protocol, the Group applied the relevant DEFRA/UK Government 2025 greenhouse gas conversion factors for fuels, passenger vehicles, and stationary combustion under Scope 1 emissions				
Footnote Assurance	-				
* Energy & Climate Change Management	* Scope 2 emissions in tonnes of CO2e	* tCO_2e	* 4,199	-	* No assurance

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote Sustainability Matter	-				
Footnote Metric	-				
Footnote Measurement Unit	-				
Footnote 2025	Scope 2 emissions data has been updated using Malaysia's latest Grid Emission Factor (GEF) for 2022–2024 (Provisional), set at 0.74 Gg CO2e/GWh, equivalent to 0.74 kg CO2e/kWh.				
Footnote Assurance	-				

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INDEPENDENT LIMITED ASSURANCE STATEMENT

To: Board of Directors

Wang-Zheng Berhad
No. 1, Jalan Utarid U5/19,
Section U5, 40150 Shah Alam,
Selangor, Malaysia.

Introduction and Objective

AI Smartual Learning Sdn. Bhd. ("AISL") has been engaged by Wang-Zheng Berhad, in the capacity as an independent sustainability assurance provider, to conduct a limited assurance engagement on the Sustainability Statement ("Statement"). of Wang-Zheng Berhad for the financial year ended 31 December 2025 ("FY2025").

AISL provides limited assurance on the accuracy, consistency and reliability of selected sustainability information disclosed in the Statement, based on the 21 material matters identified by the Company. This limited assurance statement applies to the related sustainability information as described in the *Scope and Subject Matters* section below.

We have performed a limited assurance engagement on certain selected sustainability indicators for the financial year ended 31 December 2025, as set out below ("Selected Sustainability Indicators"), to determine whether these indicators have been prepared, in all material respects, in accordance with the Group's defined reporting methodologies and, where relevant, the Bursa Malaysia Securities Berhad Listing Requirements ("Applicable Criteria").

Scope and Subject Matters

We have performed a limited assurance engagement on certain selected sustainability indicators for the financial year ended 31 December 2025, as set out below ("Selected Sustainability Indicators"), to determine whether these indicators have been prepared, in all material respects, in accordance with the Group's defined reporting methodologies and, where relevant, the Bursa Malaysia Securities Berhad Listing Requirements ("Applicable Criteria").

The Selected Sustainability Indicators subject to limited assurance are:
Economic Performance

1. Economic value generated (RM)
2. Economic value distributed, including operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investment (RM)
3. Economic value retained (RM)

Corporate Governance & Business Ethics

4. Percentage of directors by gender and age group (%)
5. Percentage of employees who have received training on anti-corruption by employee category (%)
6. Number of substantiated cases of non-compliance with laws and regulations

Diversity, Inclusion & Talent Development

7. Percentage of employees by gender and age group, for each employee category (%)
8. Total hours of training by employee category (Hours)

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Scope and Subject Matters (Continued)

Employee Wellness, Engagement & Human Rights

9. Total number of employee turnover by employee category (No.)
10. Percentage of employees that are contractors or temporary staff (%)
11. Number of substantiated complaints concerning human rights violations (No.)
12. Total community investment contributed during the financial year (RM)

Occupational Safety & Health

13. Number of employees trained on occupational safety and health standards (No.)
14. Number of work-related fatalities (No.)
15. Lost time incident rate ("LTIR")

Environmental Management

16. Total energy consumption (MWh)
17. Total volume of water withdrawn / used (Megalitres)
18. Total waste generated (tonnes)
19. Waste recycled and disposed (tonnes)

Supply Chain & Operations

21. Number or percentage of key suppliers assessed against sustainability criteria (% / No.)

Our limited assurance procedures included, among others, making enquiries of relevant personnel, reviewing documentation, evaluating the appropriateness of the methodologies applied, assessing data collection and reporting processes, and performing selected tests on the underlying data on a sample basis.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Accordingly, the procedures performed do not enable us to obtain a level of assurance that would be sufficient to provide the same degree of confidence as a reasonable assurance engagement.

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

Basis of Assurance

A limited assurance engagement includes making enquiries, applying analytical procedures and evaluating the appropriateness of methodologies used, as well as testing selected data on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than, those for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than that which would have been obtained had a reasonable assurance engagement been performed.

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Restriction on Distribution and Use of Our Report

This report is prepared solely for the use of the Company in connection with the Sustainability Statement included in the Company's Annual Report 2025 and is not intended to be, and should not be, used by any other parties or for any other purpose. We do not assume responsibility to any party other than the Company for the content of this report.

Responsibilities for the Selected Sustainability Indicators

Management's Responsibilities

Management is responsible for the preparation and presentation of the Selected Sustainability Indicators in accordance with the Company's defined reporting methodologies and, where relevant, the Bursa Malaysia Securities Berhad Listing Requirements. Management is also responsible for establishing and maintaining appropriate internal controls, processes and systems to support the collection, aggregation and reporting of sustainability-related information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial sustainability information is subject to inherent limitations as there are no universally accepted standards for measuring and reporting such information. Quantitative sustainability data may be based on estimates, assumptions and methodologies that are subject to change. Accordingly, the sustainability information reported may not be comparable with similar information reported by other organisations.

Our Responsibilities

Our responsibility is to perform a limited assurance engagement on the Selected Sustainability Indicators and to express a limited assurance conclusion based on the procedures performed and evidence obtained. We conducted our engagement in accordance with applicable assurance standards for limited assurance engagements. We are independent of the Company and have complied with the relevant ethical requirements applicable to assurance engagements.

Summary of the Work We Performed as the Basis for Our Conclusion

A limited assurance engagement consists of making enquiries, applying analytical procedures, and evaluating the appropriateness of methodologies used. The procedures performed included, but were not limited to:

- Obtaining an understanding of the Company's sustainability reporting processes and internal controls
- Evaluating the appropriateness of the reporting methodologies applied for the Selected Sustainability Indicators
- Making enquiries of management and relevant personnel responsible for sustainability data
- Reviewing supporting documentation and underlying records on a sample basis
- Performing selected analytical procedures and consistency checks

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than, those for a reasonable assurance engagement. Consequently, we do not express a reasonable assurance opinion.

AI SMARTUAL LEARNING

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Conclusion

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

Other Matter

Our engagement did not extend to any narrative disclosures, forward-looking statements, targets, commitments or qualitative information included in the Sustainability Statement, which were not subject to assurance. Our conclusion does not provide assurance on the achievability of future sustainability targets or expectations.

Restriction on Distribution and Use of Our Report

This report is prepared solely for the use of the Company in connection with the Sustainability Statement included in the Company's Annual Report 2025 and is not intended to be, and should not be, used by any other parties or for any other purpose. We do not assume responsibility to any party other than the Company for the content of this report.

Signed for and on behalf of:



_____

Cheng Lai Chuan (David)

AI Smartual Learning Sdn Bhd

201801038288 (1300319-D)

Date: 24 April 2026

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Wang-Zheng Berhad ("Wang-Zheng" "WZB" or "the Company") believes that good corporate governance is fundamental to the Wang-Zheng Group of Companies ("the Group") continued success. Therefore, the Board is committed to ensuring that highest standards of Corporate Governance are practiced throughout Wang-Zheng, as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the organisation.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance ("MCCG") to enhance business prosperity and maximise shareholders' value. The Board is committed to upholding the highest standards of corporate governance. Comprising a high-performing, diverse, and balanced group of individuals, the Board operates within a well-established governance framework that ensures robust decision-making and effective oversight of the Group's activities. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

This Statement sets out the commitment of the Board towards the MCCG and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG throughout the financial year ended 31 December 2025 ("FYE2025") pursuant Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The CG Report is available on the Company's website www.wangzhengberhad.com as well as via an announcement on the website of Bursa Securities. This Statement should also be read in conjunction with the Audit Committee Report and Statement on Risk Management and Internal Control ("SORMIC"). Details of how the Company has applied the CG Code principles and complied with its practices, are set out in the CG Report. The explanation for departure is further disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

Strategic Aims, Values and Standards

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The members of the Board are individuals of high integrity and calibre, possessing a deep understanding of Wang-Zheng's business. They bring a wealth of experience across a range of critical fields, including strategic planning, human resources, audit, finance and accounting, banking, manufacturing and distribution, aviation, medication and health, property development and project management, risk management, procurement and management, legal, and governance. This diversity of experience and expertise is essential to the Group's continued success and sustainability.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Strategic Aims, Values and Standards (Cont'd)

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group. The Management including the Executive Chairman cum Group Chief Executive Officer ("Executive Chairman cum GCEO") and Executive Directors of the Company, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Executive Chairman cum GCEO briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The principal roles and responsibilities assumed by the Board are as follows:

- **Implementation of internal compliance controls and justifies measures to address principal risks**

  The Board is fully aware of the responsibilities to maintain a proper internal control system. The Board is responsible for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- **To formulate and have in place an appropriate succession plan**

  The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

  The Board has entrusted the Nomination Committee ("NC") and Remuneration Committee ("RC") with the duty to review candidates with required mix of skills and experience for the Board and to determine remuneration packages for these appointments, and to formulate nomination, selection and remuneration for the Group.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

  The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, The Company website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent from the Executive Directors, Management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Strategic Aims, Values and Standards (Cont'd)

The Independent Non-Executive Directors and the Non-Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interest, not only of the Group, but also of shareholders, employees, customers, suppliers and many other stakeholders in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interest of shareholders and able to make significant contributions to the Group's decision making by bringing in the quality of detached impartiality.

The Group Chief Executive Officer ("GCEO") holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans and business extension plans and proposals. The GCEO, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Executive Chairman cum GCEO holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans and business extension plans and proposals. The Executive Chairman cum GCEO, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Independent Non-Executive Directors of the Company are free from any business or other relationships that could compromise their independent judgement in Board deliberations. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. On this note, the Board has defined its Board of Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders, which is available on the Company's website at www.wangzhengberhad.com.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Executive Chairman

During the financial year under review, the Board was chaired by the late Non-Independent Non-Executive Chairman, Mr. Hui Lin Chit, who passed away on 17 April 2025. Subsequently, on 27 May 2025, Mr. Hui Ching Chi was redesignated as the Executive Chairman cum Group Chief Executive Officer of the Company. In this capacity, he is involved in the day-to-day management of the Group's business and is responsible for providing leadership to the Board to ensure the effective discharge of its roles and responsibilities.

The Chairman of the Board is not a member of the Audit Committee ("AC"), NC, RC, Risk Management Committee ("RMC") and Long-Term Incentive Plan Committee ("LTIPC").

The Board of Directors of the Company, notwithstanding that the Chairman is a Non-Independent Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority on the Board. In addition, the presence of the three (3) Independent Non-Executive Directors are sufficient to provide the necessary checks and balances on the decision-making process of the Board. The contributions of the Independent Non-Executive Directors in the decision-making process is evidenced in their participation as members of the various committees of the Board.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

Board Leadership

During the financial year under review, the Company adhered to the recommendations of the MCCG by maintaining the separation of the roles of Chairman and GCEO, with the Chairman being a non-executive member of the Board.

Prior to 27 May 2025, the Board was chaired by the late Non-Independent Non-Executive Chairman, Mr. Hui Lin Chit, who passed away on 17 April 2025. Following his demise, Mr. Hui Ching Chi, who previously served as GCEO, was redesignated as Executive Chairman and GCEO on 27 May 2025. Consequently, with effect from that date, the positions of Chairman and GCEO are held by the same individual.

The Board is mindful that this arrangement represents a deviation from Practice 1.2 of the MCCG, which recommends that the roles of Chairman and GCEO are held by different individuals, with the Chairman being a non-executive member of the Board. Nonetheless, the Board is of the view that this temporary consolidation of roles is appropriate in the circumstances to ensure leadership continuity and operational stability during the transitional period following the passing of the late Chairman.

To mitigate any potential concentration of authority and to ensure that the principles of good governance are upheld, the Board has put in place the following measures:

- Independent Board composition: The Board comprises 30% of Independent Non-Executive Directors who exercise objective judgment and provide robust oversight.

- Clear segregation of roles: Although the roles are held by the same individual, the responsibilities of the Chairman and the GCEO remain clearly defined and segregated. The Chairman leads the Board in governance, compliance, and oversight, while the GCEO manages the day-to-day operations and execution of Board decisions.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Board Leadership (Cont'd)

- Independent Chairman of Board Committees: The Board Committees, including the AC, NC, RC and LTIPC, are chaired by Independent Non-Executive Directors, ensuring independent oversight of critical governance functions, except for RMC, where it was chaired by Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), Non-Independent Non-Executive Director of the Company.

- Active Board discussions: The Board encourages open and constructive debate, with no single individual dominating discussions. Independent Non-Executive Directors actively contribute to decision-making and are empowered to challenge management where necessary.

Roles and Responsibilities

The Board is responsible for providing leadership and oversight to ensure the effective discharge of its obligations to the Company. The Executive Chairman cum GCEO leads the Board in setting the agenda, style and tone of Board discussions to encourage constructive debate, facilitate effective decision-making, and uphold strong corporate governance practices.

In his capacity as GCEO, he leads the overall operations of the Group and drives organisational effectiveness with the support of the Key Senior Management team. He is responsible for the day-to-day operations of the Group, making strategic business decisions, and implementing the Board's policies and decisions. He ensures that business activities, financial management, and risk management are conducted transparently, ethically, and in compliance with relevant laws and regulations, all in the interest of stakeholders.

The Independent Non-Executive Directors play a crucial role in providing independent judgment, overseeing management, and ensuring that no individual has unfettered powers of decision-making. The Board committees, chaired by Independent Non-Executive Directors, further strengthen the governance framework by providing focused oversight on key areas such as audit, nominations, remuneration, and risk management.

The Board will continue to review its leadership structure and will revert to the recommended separation of roles as soon as practicable, once the transitional period has passed and a suitable candidate is identified.

Declaration of Interest

In all Wang-Zheng Board and Board Committee meetings, it is standard practice for any Director with an interest in a particular matter or proposal to declare the nature of their interest prior to deliberations. The Director with any interest is required to abstain from participating in discussions or voting on the matter in question. Where necessary, the interested Director will excuse themselves and leave the meeting during deliberation of the relevant item.

All Board deliberations and decisions are properly documented in the minutes of the meetings, which are distributed by the Company Secretaries in a timely manner to ensure transparency and proper record-keeping.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Qualified and Competent Company Secretaries

In compliance with MCCG, the Board is supported by qualified and competent Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 ("the Act").

Every Director has ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring the effective functioning of the Board. The Company Secretaries provides the required support and assist the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Articles of the Company, legislations, regulations, codes, guidelines and operations matter within the Group. The Board also regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements and the resultant implications to the Company and Directors in relations to their duties and responsibilities.

The Company Secretaries shall keep themselves abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.

The Company Secretaries attend all Board and all Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

Board Committees

In discharging its fiduciary duties, the Board has established and delegated specific tasks to the following four Board Committees:

(a) AC;
(b) NC;
(c) RC;
(d) RMC; and
(e) LTIPC.

The Board is supported by the Board Committees comprises of Independent Non-Executive Directors to provide independent oversights of management and to ensure that there are appropriate checks and balances in discharging its oversight function. The Board may form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Nonetheless, all the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. The Board will review the terms of reference of the Board Committees annually to ensure that the terms of reference remain relevant. The terms of reference of the Board Committees are available on the Company's website at www.wangzhengberhad.com.

These Board Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome and recommendations of the Committees meetings for the Board's considerations and approvals. The ultimate responsibility for the decision making, however, lies with the Board. The Board retains full responsibility for the direction and control of the Company and the Group.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1. Board Leadership on Objectives and Goals (Cont'd)

Access to Information and Advice

Unless otherwise agreed, the Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board at least seven (7) days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at the Board meetings.

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

Besides that, the Board may obtain independent professional advice if so required in furtherance of their duty at the Company's expense upon approval from the Board. In addition, all Directors have direct access to the advice and services of the Company Secretaries who are qualified and competent on statutory and regulatory requirements in carrying out its roles and responsibilities.

The Company Secretaries are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior Management Team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the Senior Management Team. The Chairman of the Board Committees briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, all Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated. The Directors may consult the Executive Chairman cum GCEO or other Board members prior to seeking any independent professional advice.

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the minutes book maintained at the registered office of the Company.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

Significant matters requiring deliberation and approval from the Board are also clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board meetings. The key matters reserved for the Board's approval, amongst other matters, include corporate plan and programme, annual budget (including major capital commitments), new ventures, material acquisitions and disposals of undertakings and properties, changes to the management and control structure within the Company and the Group, and report on conflict of interest ("COI") and potential COI of Directors and Key Management. In addition, the authorisation requirements delegated to the Management are incorporated in the key business processes and stated in the Group's policies and procedures.

The Management function is conducted by, or under the supervision of, the Executive Chairman cum GCEO as directed by the Board and by other officers to whom the management function is properly delegated by the Executive Chairman cum GCEO. The Management provides the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate. Notice of meetings setting out the agenda and accompanied by the relevant Board papers are given to the Directors with sufficient time for the Directors to review, seek additional information and/or clarification on the matters to be deliberated at Board meetings.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. The details of the Board Charter are available for reference at the Company's website at www.wangzhengberhad.com.

3. Good Business Conduct and Corporate Culture

Code of Ethics & Conduct

A Code of Ethics & Conducts, setting out the standards of conduct expected from Directors and all employees of the Group has been formalised. The Code Ethics & Conduct provides guidance for Directors and every employee regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board will review the Code of Ethics & Conduct and when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics & Conduct and are available for reference at the Company's website at www.wangzhengberhad.com.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Corporate Culture (Cont'd)

Whistle Blowing Policy

The Board is committed in achieving and maintaining the highest standard of work ethics in the conduct of business to be in line with the Code of Ethics & Conduct and good corporate governance practices. The Board has formalised a Whistle Blowing Policy, with the aim to provide an avenue and mechanism to all employees and stakeholders of the Group, and other interested parties to raise concerns and bring to the attention of the AC related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The main objectives of the policy are:

(i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;

(ii) To provide a transparent and confidential process for all parties to give information on non-compliance to the Code of Ethics & Conduct, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and

(iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle Blowing Policy are available for reference at the Company's website at www. wangzhengberhad.com.

Policies & Procedures of Anti-Corruption & Bribery ("PPACB")

The Group adopts the PPACB which governs the prevention of corruption and unethical practices within the Group pursuant to the MMLR and Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The purpose of the PPACB is to set out the Group's responsibilities including the employees, officers and Directors to observe and uphold the Group's position against corruption and bribery. The PPACB provides information and guidance on how the Group expects the employees to conduct themselves, recognise bribery and corruption and to set out the procedure on how to raise concerns on breach of the PPACB.

The details of the PPACB are available for reference at the Company's website at www.wangzhengberhad.com.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the economic, environmental, social and governance aspects is taken into consideration. The Board will incorporate the above aspects while formalising the Group's strategies on promoting its sustainability.

Fit and Proper Policy

Pursuant to Paragraph 15.01A of the MMLR of Bursa Securities, the Board had approved and adopted the Fit and Proper Policy which sets out the fit and proper criteria for the appointment and re-election of Directors of the Group. This Fit and Proper Policy shall serve as a guide to the NC and the Board in their review and assessment of the fitness and propriety of potential candidates for appointment as Directors as well as Directors who are seeking for re-election.

The details of the Fit and Proper Policy are available for reference at the Company's website at www. wangzhengberhad.com.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity

Board Composition and Balance

The Board is committed in ensuring that its composition not only reflects the diversity as recommended by MCCG, as best as it can, but also the right mix of skills and balance to contribute to the achievement of the Group's goal and business objectives.

During the financial year, the Board of Directors consists of eight (8) Directors, out of which one (1) Executive Chairman cum GCEO, two (2) Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

Following the resignation of Mr. Li Wai Leung as Executive Director of the Company on 1 April 2026, the Board Composition consists of seven (7) Directors, out of which one (1) Executive Chairman cum GCEO, one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This composition complies with Paragraph 15.02 of MMLR whereby the Company requires at least two (2) or one-third (1/3) of the Board, whichever is higher, are the independent directors.

The Board through its NC conducts an annual review if its sizes and composition, to determine if the Board has the right size and sufficient diversity with the independent element that fit the Company's objectives and strategic goals.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in finance and corporate affairs also enables the Board to discharge its stewardship and responsibilities effectively and efficiently. The profiles of the Directors are as set out in this Annual Report.

Tenure of Independent Directors and Policy of Independent Director's Tenure

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. Majority of Non-Executive Directors, are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The NC has reviewed the performance of the Independent Directors and is satisfied they have been able to discharge their responsibilities in an independent manner.

The Board is mindful of the recommendation of Practice 5.3 of the MCCG with regards to the tenure of an Independent Director not exceeding a cumulative or consecutive term limit of nine (9) years. However, an Independent Director who had completed the prescribed nine (9) years may continue to serve the Board, subject to re-designation as Non-Independent Director.

The Board Charter of the Company limits the tenure of an Independent Director to a cumulative term of nine (9) years. In the event the Board intends to retain a Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board shall provide justifications and seek annual shareholders' approval through a two-tier voting process at the Annual General Meeting ("AGM").

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

Tenure of Independent Directors and Policy of Independent Director's Tenure (Cont'd)

During the financial year under review, the tenure of the Independent Non-Executive Directors of the Company are as follows:

Independent Non-Executive Directors	Years (as at April 2026)
Yap Ping Hong	3 years
Low Gay Teck (Redesignated as RC Chairman on 12 August 2025 & redesignated as NC Chairman on 15 April 2026)	3 years
Kington Tong Kum Loong	3 years

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. The Board appoints its members through a transparent selection process which is consistent with the Board Charter, Fit and Proper Policy, and Constitution of the Company. The NC will recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board practice a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates,

(a) consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience, professionalism, integrity and diversity (including gender diversity) represented in addition to an understanding of:

- the business, the markets and the industry in which the Group operates; and
- the accounting, finance and legal matters.

(b) where a need has been identified, the NC shall entask the Company's Board Chairman cum GCEO:

- to search/recommend for potential candidates from within the Company; or
- engage its Human Resources Department to advertise (whether locally or internationally); or
- appoint recruitment advisers; or
- draw references and recommendations from the fellow directors of the Company.

(c) The Company's Executive Chairman cum GCEO:

- shall develop and shortlist of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to diversity of each individual candidate and their fit with the existing Board; whereby women candidates will be encouraged to join; and
- recommend to the NC the candidate from the short list who best matches the needs of the Board.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

New Candidates for Board Appointment (Cont'd)

The NC will assess, review and deliberate and thereafter, present their recommendations to the Board for consideration and approval.

Factors considered by the NC when recommending a person for appointment as a director include:

(i) skills, knowledge, expertise and experience;
(ii) professionalism and integrity;
(iii) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
(iv) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
(v) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills, diversity and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including race, gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

In considering director appointments, a key priority is to sustain a diverse Board. While the overarching policy focuses on selecting the most qualified individuals based on merit and objective criteria, the Board recognises the value of diversity and takes this into account in its evaluation of potential candidates. However, the primary objective in new appointments remains to ensure the strength and effectiveness of the Board's composition.

The overarching aim is to select and recommend the most suitable candidate for each position, mindful of the diverse array of stakeholders with whom Wang-Zheng interacts. Concurrently, the Board seeks to ensure that its members bring a broad spectrum of perspectives, insights, and constructive challenges necessary for sound decision-making. Extending this approach to the broader workforce, Wang-Zheng is committed to treating all individuals with fairness and respect, embracing diversity, and fostering an inclusive and supportive work environment for all employees.

The Board currently has a female Director out of seven (7) Directors, representing 14.3%. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. The Board is satisfied with the current composition of its members and is of the view that with the current mix of skills, knowledge, experience and strength of its members has enabled the Board to discharge its duties effectively and in a competent manner. In addition, the Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise. The Company has formalised a Boardroom Diversity Policy and such policy is published on the Company's website.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

Boardroom Diversity (Cont'd)

The existing Directors' age distribution falls within the respective age group and is as follows:

Age Group	31 - 40	41 - 50	51 - 60	61 & above
No. of Directors	0	3	1	3

The current diversity in the race/ethnicity and nationality of the existing Directors is as follows:

No. of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	0	3	1	3	4	3

Time Commitment and Directorship in Other Public Listed Companies

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year and additional meetings are convened as and when necessary. The Board obtains the commitment from Directors to devote sufficient time and effort to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Executive Chairman cum GCEO before accepting any new directorship(s). The notification will include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of MMLR of Bursa Securities.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

Board Meeting and Attendance

During the financial year ended 31 December 2025, the Board met a total of five (5) times. Details of each Director's attendance at the Board meetings is as below:

Name of Directors	Directorship	Total Meetings Attended
Hui Ching Chi (Redesignated as Executive Chairman cum GCEO on 27 May 2025, resigned as RC Chairman on 27 May 2025 & resigned as LTIPC Member on 27 May 2025)	Executive Chairman cum GCEO	5/5
Wong Pui Wai Nancy	Executive Director	5/5
Sze Man Bok (Resigned as NC Chairman on 15 April 2026)	Non-Independent Non-Executive Director	5/5
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as RMC Chairman, RC & NC Member on 15 April 2026)	Non-Independent Non-Executive Director	5/5
Yap Ping Hong	Independent Non-Executive Director	5/5
Low Gay Teck (Redesignated as RC Chairman on 12 August 2025 & redesignated as NC Chairman on 15 April 2026)	Independent Non-Executive Director	4/5
Kington Tong Kum Loong	Independent Non-Executive Director	4/5
Hui Lin Chit (Deceased on 17 April 2025)	Non-Independent Non-Executive Director	2/2
Li Wai Leung (Resigned as Executive Director, ceased as RMC Chairman and LTIPC Member on 1 April 2026)	Executive Director	5/5

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the financial year under review as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

Board Meeting and Attendance (Cont'd)

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any review, direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Executive Chairman cum GCEO. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals together with the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

To facilitate the Directors' time planning, the tentative dates for Board and Board Committee meetings for the year will be circulated by the Management well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the AGM. At the end of each Board, AC, RMC, NC, RC and LTIPC meetings, the date of the next meetings is to be re-confirmed.

The Directors are also updated from time to time at Board meetings by the Company Secretaries and External Auditors on any changes to the legal, regulatory, accounting principles and corporate governance practices which may affect the Group and the Directors at Board meetings.

Continuing Professional Development

All Directors appointed to the Board have undergone the Mandatory Accreditation Program I ("MAP I") and Mandatory Accreditation Program II ("MAP II") prescribed by Bursa Securities.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are keeping abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors.

Throughout the financial year under review, the Directors have attended several seminars, forums, trainings, workshops and conference through physical and/or virtual platform, which included the following:

Name of Directors	Seminars, Trainings, Workshops and Conference Attended
Hui Ching Chi Sze Man Bok Wong Pui Wai Nancy Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) Kington Tong Kum Loong	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Sales Tax & Stamp Duty 2025

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

Continuing Professional Development (Cont'd)

Throughout the financial year under review, the Directors have attended several seminars, forums, trainings, workshops and conference through physical and/or virtual platform, which included the following:

Name of Directors	Seminars, Trainings, Workshops and Conference Attended
Yap Ping Hong	• MBRS 2.0 For Preparers - Financial Statement • Sustainability Reporting and Assurance - A Roadmap for Accountancy Practitioners • Integrity Insights for Directors : Tackling CBT, Conflict of Interest, RPT & Corruption • Post Budget 2026
Low Gay Teck	• Sales Tax & Stamp Duty 2025

The Board will on continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties, in addition to keep abreast of the development in the marketplace.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee and/or Board Meetings.

NC

The Board has set up a NC which comprise majority of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The NC is responsible for reviewing the Board's structure, size, and composition regularly as well as making a recommendation to the Board with regard to changes that are deemed necessary. When recommending to the Board, NC will consider the required mix of skills, experience, character, integrity, time commitment, and diversity, where appropriate, which the person nominated can bring to the Board. The NC annually reviews the performance of directors who are seeking re-election based on competency, preparedness, and contributions. In enhancing the NC process by the Board, with the recommendation of NC, a Directors' Fit and Proper Policy had been adopted.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

NC (Cont'd)

The objective of the NC is to ensure that there is a formal and transparent procedure for the appointment of new directors as well as appraisal of directors for recommendation to the Board. However, the Board has the final decision on appointments after considering the recommendations by the NC. The present members of the NC of the Company are:

Name	Designation
Low Gay Teck (Redesignated as NC Chairman on 15 April 2026)	Chairman, Independent Non-Executive Director
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as NC Member on 15 April 2026)	Member, Non-Independent Non-Executive Director
Kington Tong Kum Loong	Member, Independent Non-Executive Director
Sze Man Bok (Resigned as NC Chairman on 15 April 2026)	Member, Non-Independent Non-Executive Director

The composition, authority as well as duties and responsible of the NC are set out under its terms of reference, which is available on the Company's website at www.wangzhengberhad.com.

The NC will assess the suitability of an individual by referring to the Diversity Policy of the Company, which particularly focused on the individual's mix of skills, experience and professionalism that the candidate can bring to complement the Board and Key Senior Management to discharge its responsibilities in an effective and competent manner. A diverse Board composition is crucial for promoting different perspectives and ensure inclusive decision making. Therefore, to ensure a balanced board composition, the NC reviewed the diversity of the Board to ensure it can provide desired mix of experience, skills, competence, race, gender, culture and nationality.

The other factors that will be taken into account by the NC before making recommendations to the Board include the candidates' ability to commit sufficient time and attention to the Group's matters as well as to satisfy the independence test of a director, considering the candidate's character, integrity and professionalism.

The summary of activities undertaken by the NC during the financial year included the following:

(i) On 17 April 2025, Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board; and
(ii) On 17 April 2025, Reviewed and recommended the retirement and re-election of Directors at the forthcoming AGM in accordance with the Company's Constitution.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

4. Board's objectivity (Cont'd)

NC Meeting and Attendance

During the financial year ended 31 December 2025, the NC met one (1) time. Details of each Director's attendance at the NC meetings are as below:

Name	Directorship	Total Meetings Attended
Low Gay Teck (Redesignation as NC Chairman on 15 April 2026)	Chairman, Independent Non-Executive Director	1 / 1
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as NC Member on 15 April 2026)	Member, Non-Independent Non-Executive Director	N/A
Kington Tong Kum Loong	Member, Independent Non-Executive Director	1 / 1
Sze Man Bok (Resigned as NC Chairman on 15 April 2026)	Member, Non-Independent Non-Executive Director	1 / 1

5. Overall Board Effectiveness

On 17 April 2025, the NC conducts an annual assessment of the performance of the Board as a whole, the Board Committees and individual Directors using a self and peer assessment approach. The results of the assessment, including an evaluation of the mix of skills and experience among Directors, are considered by the Board when making recommendations for the re-election and re-appointment of Directors at the forthcoming AGM, ensuring alignment with the current and future requirements of the Group.

The NC evaluates individual Directors based on criteria such as contribution to interaction, integrity, competency and time commitment, using a structured set of questionnaires. The Board did not engage any external party to conduct an independent assessment of the Directors.

Based on the assessment conducted for FYE2025, both the Board and the NC are satisfied with the current size, composition, as well as mixture of qualifications, skills and experience among the Board and Board Committees members and the independence of its Independent Non-Executive Directors.

Annual Assessment of Independence

The NC conducts annual assessments to evaluate areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's overall effectiveness. The independence of Independent Directors is assessed based on their relationship with the Group, involvement in any significant transactions with the Group, including their ability to exercise independent judgment at all times, in accordance with the criteria set out in the MMLR.

Based on the assessment carried out for FYE2025, the Board and the NC are satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company, and continue to fulfil the definition of independence as set out in the MMLR.

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

5. Overall Board Effectiveness (Cont'd)

Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next AGM following his appointment.

Upon the recommendation of the NC and the Board, the Directors who are standing for re-election and reappointment at the forthcoming AGM of the Company to be held in 2026 are as stated in the Notice of AGM.

Tenure of Independent Director

The retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual shareholders' approval in line with Practice 5.3 of the MCCG 2021. If the Board continues to retain the Independent Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board is confident that the Independent Directors themselves, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision making.

As at the date of this Statement, none of the Independent Directors has served the Board for more than nine (9) years.

PART II – REMUNERATION

6. Level and Composition of Remuneration Committee

The Company is committed to setting Directors' remuneration at competitive levels to attract and retain individuals of high calibre who can effectively lead the Group. In determining remuneration, consideration is given to the scope of responsibilities, workload, and the contribution made by each Director. For Non-Executive Directors, the level of remuneration reflects the responsibilities undertaken and the value they bring to the Board.

In line with the Best Practices of the MCCG, the Board has set up an RC which comprises majority of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

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

PART II – REMUNERATION (CONT'D)

6. Level and Composition of Remuneration Committee (Cont'd)

The present members of the RC of the Company are:

Name	Designation
Low Gay Teck (Redesignated as RC Chairman on 12 August 2025)	Chairman, Independent Non-Executive Director
Yap Ping Hong	Member, Independent Non-Executive Director
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as RC Member on 15 April 2026)	Member, Non-Independent Non-Executive Director
Hui Ching Chi (Resigned as RC Chairman on 27 May 2025)	Executive Chairman cum GCEO

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.

The terms of reference of the RC can be viewed at the Company's website at www.wangzhengberhad.com.

The summary of activities undertaken by the RC during the financial year included review and recommendation of the payment of Directors' fees and other benefits payables to the Directors of the Company to the Board for approval.

During the financial year ended 31 December 2025, the RC met one (1) time. Details of each Director's attendance at the RC meetings are as below:

Name	Directorship	Total Meetings Attended
Low Gay Teck (Redesignated as RC on 12 August 2025)	Member, Independent Non-Executive Director	1 /1
Yap Ping Hong	Member, Independent Non-Executive Director	1 / 1
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as RC Member on 15 April 2026)	Member, Non-Independent Non-Executive Director	N/A
Hui Ching Chi (Resigned as RC Chairman on 27 May 2025)	Executive Chairman cum GCEO	1 / 1

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

PART II – REMUNERATION (CONT'D)

6. Level and Composition of Remuneration Committee (Cont'd)

Remuneration Policy

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and senior management

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors and senior management that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors and senior management's remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.

7. Remuneration of Directors and Senior Management

Directors' Remuneration

The remuneration of the Executive Directors was determined fairly based on the performance and the profitability of the Group as a whole, as well as the market condition. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the RC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully. The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned.

The remuneration package of Executive Directors comprises a combination of basic salary (inclusive of statutory employer contributions to the Employees Provident Fund), and benefits-in-kind (such as traveling allowance and chauffeurs as applicable).

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

PART II – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for FYE2025 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and *other emoluments (RM)	Fees (RM)	Salaries and *other emoluments (RM)
Hui Ching Chi (Redesignated as Executive Chairman cum GCEO on 27 May 2025, resigned as RC Chairman on 27 May 2025 & resigned as LTIPC Member on 27 May 2025)	18,000	–	18,000	361,221
Wong Pui Wai Nancy	18,000	–	18,000	–
Sze Man Bok (Resigned as NC Chairman on 15 April 2026)	18,000	–	18,000	–
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) (Appointed as RMC Chairman, NC member and RC member on 15 April 2026)	18,000	12,000	18,000	12,000
Yap Ping Hong	18,000	34,300	18,000	34,300
Low Gay Teck (Redesignated as RC Chairman on 12 August 2025 & redesignated as NC Chairman on 15 April 2026)	18,000	16,400	18,000	16,400
Kington Tong Kum Loong	18,000	22,300	18,000	22,300
Li Wai Leung (Resigned as Executive Director, ceased as RMC Chairman and LTIPC Member on 1 April 2026)	18,000	–	18,000	–

* Other emoluments include the meeting allowances and other benefits and allowances received by the Directors of the Company

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

PART II – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

Remuneration of Top Five (5) Senior Management

The total remuneration received by top five (5) senior management of the Group including salary, bonus, benefits in-kind and other emoluments in bands width of RM100,000 for FYE2025 are as follows:

Name	Range of Remuneration		
	RM100,001 to RM200,000	RM200,001 to RM300,000	RM300,001 to RM400,000
Soh Lay Ching			✓
Yong Voon Fui		✓	
Zhang, WenTong	✓		
Bi, ChuanXin	✓		
Khoo Beng Keong	✓		

Details of total remuneration received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band satisfies the accountability and transparency aspects of the MCCG.

The Board ensures that the remuneration of the Senior Management is commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivate the Senior Management.

LTIPC

The composition of the LTIP Committee comprises entirely of majority Independent Non-Executive Directors and their attendance at meetings held in FYE2025 are as follows:

Name	Directorship	Total Meetings Attended
Low Gay Teck	Chairman, Independent Non-Executive Director	1 / 1
Yap Ping Hong	Member, Independent Non-Executive Director	1 / 1
Kington Tong Kum Loong	Member, Independent Non-Executive Director	1 / 1
Hui Ching Chi (Resigned as LTIPC Member on 27 May 2025)	Member, Executive Chairman cum Group CEO	1 / 1
Li Wai Leung (Resigned as LTIPC Member on 1 April 2026)	Member, Executive Director	1 / 1

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

PART II – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

LTIPC (Cont'd)

The LTIPC has been established in 26 February 2024, with delegated authority to assist the Board to administer the LTIPC in accordance with its Terms of Reference, By Laws and the MMLR.

The functions of the LTIPC are as set out in its Terms of Reference include the following:

(a) to exercise all the powers and undertake the duties and responsibilities stated in the By-Laws;

(b) report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the LTIPC;

(c) arrange for periodic review of its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval;

(d) to act in line with the directions of the Board; and

(e) to consider and examine such other matters as the LTIPC considers appropriate.

The summary of activities of the LTIPC during the FYE2025 is as follows:

(a) On 12 August 2025, LTIPC recommended the revision of its Terms of Reference to the Board for approval; and

(b) On 16 April 2025, the LTIPC discussed and recommended the Offer of Employees' Share Option Scheme Award 2025 under LTIP for the eligible employees of WZB and its subsidiaries to the Board for approval.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8. AC

The AC was established to assist the Board in ensuring the integrity of financial reporting, robust financial risk monitoring, the effectiveness of internal control systems, and strong corporate governance practices within the Group. The AC also oversees compliance with established policies and procedures and evaluates the suitability, objectivity, and independence of both external and internal audit functions.

In compliance with Paragraph 15.12(1)(h) of the MMLR, the AC reviews and reports to the Board on any related party transactions and potential or existing conflicts of interest within Wang-Zheng or its subsidiaries. This includes assessing any transactions, procedures, or courses of conduct that raise concerns regarding management integrity, and the measures taken to address, resolve, or mitigate such issues, if required.

The key functions of the AC are detailed in the AC Report, which can be found on page 124 to page 128 of this Annual Report.

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

PART I – AUDIT COMMITTEE (CONT'D)

8. AC (Cont'd)

Chairman of AC (Cont'd)

The current composition of AC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are relatively financially literate, while the Chairman of AC is a member of Malaysian Institute of Accountants.

The composition, authority as well as the duties and responsibilities of the AC are set out in its Terms of Reference and a copy is available on the Company's website at www.wangzhengberhad.com.

Former Audit Partner

The Board took note on Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three years before being appointed as a member of the AC.

None of the Board members are former audit partners of the Group.

Assessment of Suitability and Independence of External Auditors

The AC has established a transparent and appropriate relationship with the Company's External Auditors, Deloitte Malaysia PLT (formerly known as Deloitte PLT) (LLP0010145 & AF 0080) ("Deloitte"). From time to time, the Auditors will highlight to the AC on matters that require their attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

(i) the adequacy of the experience, competence and resources of the External Auditors;

(ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

(iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement. The AC further resolved to recommend the proposed fees to the Board for approval.

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

PART I – AUDIT COMMITTEE (CONT'D)

8. AC (Cont'd)

Assessment of Suitability and Independence of External Auditors (Cont'd)

The Board, through the AC, maintains a formal and transparent relationship with the Group's external auditors in seeking valuable professional advice and ensuring compliance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

During the FYE2025, the AC has met two (2) times on 12 August 2025 and 24 November 2025 respectively, with the External Auditors without the presence of Executive Chairman cum GCEO, Executive Directors and members of management during the year regarding relevant audit and accounting issues and to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concern expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the AC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by them. In compliance with the Malaysian Institute of Accountants, the audit firm rotates its audit partners every seven years to ensure objectivity, independence and integrity of the audit opinions.

The External Auditors have also provided the required independence declaration to the AC and the Board for FYE2025. The AC is satisfied with the competence and independence of the External Auditors for the FYE2025. Having regard to this, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Deloitte as the External Auditors of the Company for financial year ending 31 December 2026.

Composition of the AC

The current composition of AC comprises of three (3) members, all of whom are Independent Non-Executive Directors, which meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities and Practice 8.1 and 8.4 of the MCCG.

The AC currently comprises the following members:

Name	Designation
Yap Ping Hong	Chairman, Independent Non-Executive Director
Low Gay Teck	Member, Independent Non-Executive Director
Kington Tong Kum Loong	Member, Independent Non-Executive Director

The members of the AC possess a mix of skills, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the terms of reference of the AC. In addition, all members of the AC are relatively financially literate and have relevant experience to carried out their duties. The summary of activities of the AC are set out in the AC Report in this Annual Report.

The Board takes responsibility to present a true and fair view of the Group's and Company's financial performance and prospects to its shareholders. The Board is assisted by the AC to review and recommend the Group's and Company's financial reporting process, the quality of financial reporting and to ensure that the financial statements are fully complied and prepared in accordance with the provisions of the Companies Act 2016 as well as the application of the Malaysian Financial Reporting Standards and International Financial Reporting Standard.

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks and respond appropriately to the risks encountered.

The Board remains committed to maintaining and continually reviewing its risk management processes and procedures to protect shareholders' investments and safeguard the assets of the Company. This commitment is reinforced through the establishment of the RMC.

As an effort to enhance the system of internal controls, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review the existing of risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the AC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given to the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks that may affect the achievement of the Group's business and corporate objectives.

The Statement on Risk Management and Internal Control is set out on page 129 to page 134 of this Annual Report, which provides an overview of the management of risks and state of internal controls within the Group.

10. Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investment. As the system of the internal controls is designed to mitigate rather than eliminate the likelihood of errors or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The internal audit function is essential to assist the Board in obtaining the assurance of the system of internal controls maintained by the management.

To achieve this objective, the internal audit function was outsourced to an independent professional firm, namely Smart Focus Group ("IA Firm") to provide an independent assessment and assurance over the system of internal control of the Group to the AC and the Board. The IA Firm is to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by the management and/or the Board within the Group. The internal audit function is independent of the activities audited by them.

During the FYE2025, the AC has met two (2) with the IA Firm on 12 August 2025 and 24 November 2025 respectively, without the presence of Executive Director and members of management during the year regarding relevant audit and accounting issues and to ensure that the independence and objectivity of the Internal Auditors are not compromised and matters of concern expressed by the AC are duly recorded by the Company Secretaries.

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Internal Audit Function (Cont'd)

The IA Firm review and assess the Group's system of internal controls and report to the AC. The Internal Auditors adopt a risk-based approach in developing its audit plan to address the essential auditable areas of the Group based on their risk profiles. The audit focuses on high-risk areas to ascertain the adequacy and effectiveness of internal controls. The results of the audit reviews, recommendations as well as Management's responses and action plans were brought to the attention of AC at scheduled meetings. The Management has to ensure that all recommended remedial actions were executed to rectify the highlighted shortcomings within a reasonable timeframe. Any other significant issues would also be highlighted by AC to the Board on a quarterly basis.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Board recognises the need for transparency and accountability to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company. The Company ensures that timely releases of the quarterly financial results, press releases and corporate announcements are made to its shareholders and investors, which are clear, unambiguous, succinct, accurate and contains sufficient and relevant information.

In order to maintain its commitment of effective communication with shareholders, the Group embraced the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public. Furthermore, it is outlined in the internal corporate disclosure policies and procedures that the Company is required to timely release its announcements to the relevant regulators, Board Charter, rights of the shareholders and Annual Report on the Company's website.

The communication channels used in the Company's engagement with its stakeholders include the following to promote effective communication and proactive engagements with its stakeholders:

(a) The Company's website;
(b) Announcements via Bursa Link;
(c) Annual Reports and Circular;
(d) General Meetings; and
(e) Investor relations.

The practice of disclosure of information is not established just to comply with the requirement of the MMLR, but also to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART I – COMMUNICATION WITH STAKEHOLDERS (CONT'D)

11. Continuous Communication between Company and Stakeholders (Cont'd)

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Besides the above, shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report and the Company's Share Registrar is available to attend to administrative matters relating to shareholders' interests. The Company strived to provide a high level of transparency reporting in order to provide value for its shareholders and investors.

Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PART II – CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholders' Participation at General Meeting

The AGM is an important forum where communications with shareholders are effectively conducted. As recommended by the MCCG, the notice of AGM will be dispatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper.

The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution to facilitate shareholders' understanding and evaluation of issues involved. The notice of AGM which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper. All Directors, Key Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders are encouraged to participate in discussions and will be given sufficient time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the performance of the Company or the Group prior to seek approval from members and proxies on the resolutions. All Directors and the chair of every Board Committees, as well as Key Senior Management, where appropriate will provide feedbacks, answers and clarifications to the queries raised by the shareholders during the general meeting. The Directors are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The External Auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders. Status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholders' Participation at General Meeting

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Twenty-Second Annual General Meeting ("22nd AGM") of the Company held on 27 May 2025, all Directors were in attendance, either physically at the broadcast venue or via live streaming, to engage directly with shareholders and be accountable for their stewardship of the Company, with the exception of Mr. Low Gay Teck.

Mr. Low Gay Teck, who serves as Chairman of the LTIPC and NC, and as a member of the AC, NC and RC, was unable to attend the 22nd AGM due to a family bereavement on that day.

Poll Voting

In line with Paragraph 8.29A of the MMLR of Bursa Securities, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) independent scrutineer to validate the votes cast at the general meeting.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against for each separate resolution where appropriate. The outcome of the AGM will be announced to Bursa Securities on the same meeting day. The proceedings of the AGM were recorded in the minutes of the meeting and made available on the Company's website not later than thirty (30) business days after the meeting.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices, set out in MCCG and all other applicable laws, where applicable and appropriate. This Corporate Governance Overview Statement was approved by the Board on 16 April 2026.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Wang-Zheng Berhad ("the Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2025 ("FYE2025").

COMPOSITION OF AC AND ATTENDANCE

The AC currently comprises the following members:

	Name	Designation
1.	Yap Ping Hong	Chairman, Independent Non-Executive Director
2.	Low Gay Teck	Member, Independent Non-Executive Director
3.	Kington Tong Kum Loong	Member, Independent Non-Executive Director

The AC comprises of three (3) members and all of whom are Independent Non-Executive Directors. The AC Chairman, Mr. Yap Ping Hong, is a member of the Malaysian Institute of Accountants. The AC therefore meets the requirements of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ('MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.1 and 9.4 of the Malaysian Code on Corporate Governance ("MCCG").

During the FYE2025, the AC held five (5) meetings. The Executive Directors, Group Accountant, External Auditors, Internal Auditors, other Board members and the Company Secretary will attend the AC meetings upon invitation, as and when necessary. Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

The attendance record of AC members was as follows:

Members	Attendance at the AC Meetings
Yap Ping Hong	5 / 5
Low Gay Teck	4 / 5
Kington Tong Kum Loong	5 / 5

The external auditors attended three (3) AC meetings held during the financial year under review. The external auditors also met with the AC twice without presence of Executive Director, Group Accountant and Management of the Company during the financial year under review to discuss key audit issues/ findings and audit feedback. The AC had engaged with the External Auditors to keep abreast with the key audit issues and audit concerns affecting the Company. The Chairman of the AC will highlight the key issues discussed in the AC meeting at each Board meeting.

There are no restrictions of resources or information to the AC that would have impaired the effective execution of its responsibilities. To keep abreast issues that are of concern to the AC, the Chairman of the AC will be in continuous contact with the Chairman of the Board, Executive Directors, Group Accountant, Internal Auditors, other Senior Management and the External Auditors of the Company.

TERMS OF REFERENCE ("TOR") OF THE AC

The AC had discharged its functions and carried out its duties as set out in the TOR of the AC. The TOR of the AC is available for reference on the Company's website at www.wangzhengberhad.com.

INDEPENDENCE OF AC

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former partners of the external auditor firm appointed by the Company. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a former partner of the external auditor firm of the Company.

TRAINING AND FINANCIAL LITERACY OF THE AC MEMBERS

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the TOR of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profiles in this Annual Report ("AR"), and at least one (1) member of the AC fulfils the financial expertise requirement of the MMLR.

During the FYE2025, all members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Corporate Governance Overview Statement in this AR.

SUMMARY OF ACTIVITIES OF THE AC DURING THE FYE2025

During the FYE2025, the summary of the activities carried out by the AC is summarised as follows:

1. Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

(a) Reviewed the unaudited quarterly interim financial reports prior to submission to the Board for consideration and approval, to ensure that the Company's unaudited quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance, and comply with the accounting standards, the MMLR of Bursa Securities and other legal requirements.

(b) Reviewed the audited financial statements and the External Auditors' findings and recommendations for FYE2025. In the review of the annual audited financial statements, the AC discussed with Management and the External Auditors the accounting principles and standards applied, key judgement affecting the financial statements, the going concern assumption and significant adjustment and any issues and reservations arising from the statutory audit.

SUMMARY OF ACTIVITIES OF THE AC DURING THE FYE2025 (CONT'D)

2. Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes:

(a) Reviewed and approved the Internal Audit Plan for FYE2025 proposed by the Internal Auditors to ensure the adequacy of the scope, coverage of works and that it has the necessary authority to carry out its works.

(b) Reviewed and discussed the Internal Audit Reports which outlined the recommendations towards correcting areas of weaknesses and ensured that management action plans were established for the implementation of the internal auditors' recommendations. Summary of internal auditors' reports presented to the AC provides status updates for management action plans to address the findings reported in the previous audit cycles from the internal auditors.

(c) Reviewed the performance, adequacy of the scope, functions and competency of the internal auditors' function, and the results of the internal auditors' process to ensure the appropriate actions are taken of the recommendations of the internal auditors' function.

(d) Held a private meeting with the internal auditors in November 2025, without the presence of the Executive Director and Management to ensure that there was no restriction on Internal Auditors' scope of work and to discuss any other matters that GIA wishes to escalate to the AC.

3. Reviewing the Audit Findings of the External Auditors and Evaluate their Performance, Suitability and Independence of External Auditors:

(a) Discussed with the external auditors before the audit commences, the audit plan and strategy, significant audits findings, nature and scope of the audit, areas of audit emphasis, and ensured co-ordination where more than one audit firms are involved; as well as the external auditors' evaluation of the system of internal controls and audit reports.

(b) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, issues raised, audit recommendations and management's response to these recommendations.

(c) Discussed and deliberated on the external auditors' reports and recommendations regarding opportunities for improvement to the significant risk areas, internal controls and financial matters areas based on observations made in the course of interim and final audits.

(d) Held two (2) private meetings with the external auditors in April 2025 and November 2025, without the presence of, Executive Director and Management to discuss on the areas of audit concern.

(e) Evaluated the performance of the external auditors covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the appointment of the external auditors.

(f) Reviewed the proposed fees for the external auditors in respect of their audit of the Company and the Group.

(g) Assessed and considered the suitability and independence of the external auditors by assessing, among others, the adequacy of their technical expertise, experience, skills and independence and objectivity as well as their audit fees and quality of communication, obtaining affirmation from the External Auditors that they and their network firms, engagement partner and audit team's independence, integrity and objectivity comply with the relevant ethical requirements.

(h) Considered the nomination of external auditors for recommendation to the Board for re-appointment after assessing their capabilities as well as the effectiveness of the external audit process.

SUMMARY OF ACTIVITIES OF THE AC DURING THE FYE2025 (CONT'D)

4. Overseeing the Governance Practices in the Group

(a) Reviewed and recommended on quarterly basis the Related Party Transactions ("RPT") and conflict of interest situations presented by Management to the Board for approval, to ensure that these transactions are undertaken at arm's length, in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders. During the year, there were no conflict of interest or potential conflict of interest situations that had arised which required the AC's assessment.

(b) Monitored the thresholds of the RPT and recurrent related party transactions to ensure compliance with MMLR.

(c) Reviewed the Circular to Shareholders in relation to Proposed Renewal of Existing Shareholders' Mandate for Recurrent RPT of a Revenue or Trading Nature.

(d) Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.

(e) Reviewed the adequacy and effectiveness of the Group's internal control system and reported to the Board.

(f) Reviewed the Conflict of Interest Policy of the Group and recommended the same to the Board for approval, before implementation.

(g) Reviewed the Revised Terms of Reference of AC and recommended the same to the Board for approval.

(h) Verified and ensured the allocation of Employee Share Option Scheme Award 2025 under Long-Term Incentive Plan for the eligible employees of the Company and its subsidiaries complied with the criteria as stipulated in the By-Laws of LTIP of the Company.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

The Group has appointed an established external professional Internal Audit firm namely, NBS Smart Focus Group Sdn. Bhd, headed by the Associate Director, Mr. FS Lee ("Mr. Lee"), who graduated from Australia with a Bachelor of Commerce and a Masters in Accountancy. He is also a member of MIA and CPA Australia as well as a professional member of the Institute of Internal Auditors Malaysian. Mr. Lee has vast experience and exposure in the Internal Audit field. He was assisted by three other internal auditors including the Project Director in this assignment during the financial year under review. The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all levels of operations within the Group.

The internal audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely the Institute of Internal Auditors. The internal audit provides an independent assessment of the effectiveness and efficiency of the internal controls system established by the management, utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the AC. With the internal audit function being put in place, remedial actions can be taken concerning weaknesses identified and noted in the systems and controls of the respective operating units.

INTERNAL AUDIT FUNCTION AND ACTIVITIES (CONT'D)

The AC approves the internal audit plan during the first AC meeting each year. Any subsequent changes to the internal audit plan are approved by the AC. The scope of the internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement. The cost incurred for the internal audit function during the financial year is approximately RM21,000.00.

During the FYE2025, the following activities were carried out by the internal auditors in the discharge of their responsibilities:

(a) Present the Internal Audit Plan for the year for review and evaluation by the AC;
(b) Review the system of internal controls of the various business operating units;
(c) Recommend improvements to the existing systems of internal controls;
(d) Follow up on implementation and disposition of audit findings and recommendations;
(e) Ascertain the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
(f) Identify opportunities to improve the operations of and processes in the Company and the Group; and
(g) Identification of risks and implementation of recommendations to mitigate the risks.

The AC and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage was adequate.

Metric	Achievement/ Report
Percentage of Audit Plan Complete	100%
Number of audit reports issued	6
Number of Follow-up audit reports issued	2
Number of internal reports issued	2
Additional Areas covered as instructed by the Audit Committee	Nil
Critical Audit Findings	100%
Recommendations accepted and implemented	100%
Report on Enterprise Risk Management & Strategic Risk Assessment	2

The AC and the Board are satisfied with the performance of the outsourced internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the internal audit function.

This AC Report is made in accordance with the resolution of the Board on 16 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors ("the Board") of Wang-Zheng Berhad ("Wang-Zheng" or "the Company") is pleased to report on its Statement on Risk Management and Internal Control, which provides an overview of the nature and state of risk management and internal controls of the Company and its group of companies ("the Group") during the financial year under review and up to the date of approval of this statement by the Board. This statement is guided by the latest Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of the Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance ("MCCG").

BOARD'S RESPONSIBILITY AND ACCOUNTABILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform for good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity.

Due to inherent limitations in any risk management and internal control system, such a system is designed to manage the risks that may impede the achievement of the Group's business objectives rather than eliminate these risks. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement, losses, or errors.

The Board, through its Audit Committee ("AC") has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the AC on a periodic basis.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced by the Group, and in the design and operation of suitable internal controls to mitigate these risks identified. The effectiveness of internal controls was reviewed by the AC in relation to the audits conducted by internal auditors ("IA") during the financial year. Audit issues and actions taken by Management to address the issues tabled by IA were deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the AC to the Board for its deliberation and approval and matters or decisions made within the AC's purview were referred to the Board for its notation.

The Managing Director and the Head of Finance hereby confirm that, for the financial year ended 2025, the Company's internal controls and risk management system were adequate and effective.

We have reviewed the risk management framework and are satisfied that it is operational and provides reasonable assurance that:

- The Company's assets are safeguarded.
- Transactions are properly authorised and recorded.
- Risks are identified, monitored, and managed in accordance with the Company's objectives.

This assurance is provided in compliance with applicable governance and reporting requirements.

GOVERNANCE AND OVERSIGHT

The Board of Directors oversees the Company's risk management framework by setting the risk appetite, ensuring effective implementation of policies and controls, monitoring system adequacy, and approving the Statement on Risk Management and Internal Control (SORMIC) disclosure.

MANAGEMENT'S RESPONSIBILITIES

Senior Management is accountable to the Board for the risk management and the internal control system and for the implementation of processes to identify, evaluate, monitor and report the relevant risks. The implementation of the risk management process for the Group is the responsibility of the Wang-Zheng's Senior Management. The Risk Management Committee ("RMC") has been established at Wang-Zheng, for its operations to institutionalise risk management practices.

Review and ensure the effectiveness of the risk management policies and processes. Manage the relevant risks that may impede the achievement of objectives are identified and appropriate mitigating actions have been implemented. Identify significant changes to Wang-Zheng's risks, including emerging risks and take actions as appropriate to communicate to Wang-Zheng Group's AC and the Board.

The RMC is chaired by the Executive Director, on a yearly basis to ensure the continual effectiveness, adequacy and integrity of the risk management system and that key risk matters would be recommended for escalation to the AC and the Board for deliberation and approval. The senior management of the principal subsidiary companies is tasked to identify and manage the significant risks that are affecting their respective business units. The risk management practices adopted by the Group's principal subsidiary companies are aligned with the Group's risk management practices.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

- Managing the relevant risks that may impede the achievement of objectives by identifying them and ensuring that appropriate mitigating actions have been implemented.
- Identifying significant changes to Wang-Zheng's risks including emerging risks and take actions as appropriate to communicate to Group's ARMC and the Board.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the AC. The AC, supported by the IA, provides an independent assessment of the effectiveness of the Group's Enterprise Risk Management ("ERM") framework and reports to the Board. The Group's ERM framework is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed include strategic, operational, regulatory, financial, market, technological, product and reputational risks.

The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Company in accordance to the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control Risk Management is an integral part of the business operations and this process goes through a review process by the Board. Discussions have been conducted during the year involving different levels of managements to identify and address risks faced by the Group. These risks were summarised and included in the Group's risk management report. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the annual report by the Management. This is to ensure that all high risks are adequately addressed at various levels within the Group. The company has adopted a global standard for the risk management segment.

RISK MANAGEMENT (CONT'D)

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate the risks and responses to Management

All identified risks are displayed on a one (1) to three (3) risk matrix based on their risk ranking to assist the management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles.

There is no dedicated ERM department, however, the Executive Director and Group Accountant ("GA") who works closely with the Group's operational managers are continuously strengthening the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

RISK STRUCTURE/ACCOUNTABILITY AND RESPONSIBILITY

Further improving Wang-Zheng's risk governance, ERM structures have been established in each department and subsidiary. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons also known as Head of Department ("HOD") / Risk Coordinators ("RCs"), are appointed at each business unit and act as the single point of contact to liaise directly with the GA in matters relating to ERM, including the submission of reports periodically. In addition, they are responsible for assisting their HOD to manage and administer the business units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

INTERNAL CONTROL SYSTEM AND ENVIRONMENT

Apart from the risk management and internal audit, the Group has put in place the following key elements of internal controls.

- The Group has an organisational structure that is aligned to business requirements.
- The internal control mechanism is embedded in the various work processes at appropriate levels in the Company.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management in the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm, namely Smart Business Consulting ("IA Firm") to provide independent assurance to the Board and AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system.

The IA Firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. The IA Firm presents the AC with the internal audit reports.

During the year under review, internal audit reviews were carried out by the internal audit team to address the related internal control weaknesses. Weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The main elements in the system of internal control framework included:

- An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for certain key operational areas;
- Quarterly review of financial results by the Board and the AC;
- Active participation and involvement by the Group Chief Executive Officer ("GCEO") and the Executive Directors in the day-to-day running of the major businesses and regular discussions with the Senior Management of smaller business units on operational issues;
- Review of internal audit reports and findings by the AC; and
- Monthly review of Group management accounts by GCEO, Executive Directors and Management.

The IA also periodically reports on the activities performed, and key strategic and control issues observed by Internal Audit to the AC to preserve its independence. The AC reviews and approves IA's annual budget, remuneration, audit plan and human resource requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience. IA adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, Code of Ethics, Practices and Framework to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. IA has aligned its internal audit practices with the Committee of Sponsoring Organisations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by the IA are based on the internal control elements, scope and coverage. IA continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, business plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan. The Company's internal controls and risk management system were reviewed and strengthened through the integration of internationally recognised frameworks, including COSO, ISO 31000, and the IIA's Three Lines Model. These frameworks provided structured methodologies to assess, monitor, and enhance the effectiveness of controls and risk oversight, ensuring alignment with global best practices.

In 2025, there were a total of six (6) reports were issued which are two (2) internal audit reports, one (1) Risk Management report, one (1) Strategic Risk Management Report, and two (2) follow-up report were issued.

The Internal Audit function has reviewed the state of internal control of various operating cycles within the Group based on the information provided by the management and line managers, namely on:

- Operations
- Sales and marketing
- Procurement management
- Human Resources management
- Warehouse Management
- Safety Management
- Suitability Review

INTERNAL AUDIT (CONT'D)

All reports from the internal audit reviews carried out were submitted and presented to the AC with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions was monitored and verified by IA regularly and submitted to the AC. IA is committed to equipping the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

During the FYE 2025, the Internal Auditors conducted the following review: -

i. Internal Audit Review on Wang-Zheng Corporation Sdn Bhd and follow up.
ii. Internal Audit Review on Quality Hero Corporation Sdn Bhd and follow up.
iii. Report on Enterprise Risk Management and Strategic Risk Assessment Report

QUALITY ASSURANCE

The IA develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of IA processes and identifies opportunities for improvement via both internal and external assessments. It has its peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well-experienced in managing internal audit assignments.

INFORMATION AND COMMUNICATION

While the Management has full responsibility for ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire about information and clarification from Management as well as to seek inputs from the AC, external and internal auditors, and other experts at the expense of the Company.

ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the GCEO, GA, and other Department Heads that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

ESG DISCLOSURE

The Company has embedded environmental, social and governance ("ESG") considerations into its risk management and reporting framework as part of its broader commitment to sound governance and sustainable value creation. ESG related matters are considered in the Group's processes for identifying, assessing, monitoring and managing material risks and opportunities that may affect business performance, financial outcomes and stakeholder confidence. This Sustainability Statement is prepared in accordance with the Bursa Malaysia Main Market Listing Requirements on Sustainability Reporting.

CONCLUSION

The Company has established a comprehensive risk management framework that defines structures, policies, procedures, and responsibilities. It sets out processes for identifying, assessing, managing, and monitoring significant risks, supported by the articulation of risk appetite.

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring separate disclosure in the Annual Report. The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.

This Statement on Risk Management and Internal Control was made in accordance with a resolution of the Board on 16 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposal during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the firm or corporation affiliated to the External Auditors by the Company and the Group for the financial year ended 31 December 2025 ("FYE2025") are as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	60,000	309,000
Non-Audit Services Rendered:		
Review of Statement of Risk Management and Internal Control	10,000	10,000
Total	**70,000**	**319,000**

MATERIAL CONTRACTS OR LOANS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts or loans between the Company and its subsidiaries that involve the interests of the Directors, Chief Executive who is not a Director or Major Shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the last Annual General Meeting held on 27 May 2025, the Company had obtained a general mandate from its shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT Mandate").

The details of the recurrent related party transactions conducted during FYE2025 pursuant to the RRPT Mandate are disclosed in page 204 to page 205, note 36 to the audited financial statements in this Annual Report.

The aggregate value of the recurrent related party transactions of a revenue or trading nature conducted pursuant to the RRPT Mandate for FYE2025 did not exceed 10% of the percentage ratios as prescribed under Section 3.3(a) of the Practice Note 12 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

LONG-TERM INCENTIVE PLAN ("LTIP")

Wang-Zheng Berhad ("Wang-Zheng" or "the Company") had on 30 January 2024 obtained its shareholders' approval for the proposed establishment and implementation of a long term incentive plan ("LTIP") of up to 10% of the Company's total issued share capital (excluding treasury shares, if any) at any point of time over the duration of the LTIP for eligible directors and employees of Wang-Zheng and its subsidiaries, who fulfill the eligible criteria as set out in the By Law of the LTIP. The LTIP comprises of a share grant plan ("SGP") and an employees' share option scheme ("ESOS").

The effective date for the implementation of the LTIP was on 27 February 2024.

LONG-TERM INCENTIVE PLAN ("LTIP") (CONT'D)

On 18 June 2025, 332,633 ordinary shares have been issued and 472,967 ordinary shares of the Company has been vested on 17 June 2025 to Eligible Employees and Executive Directors of Wang-Zheng and its subsidiaries pursuant to the Share Grant Plan Awards 2025 under LTIP from the Treasury Shares Account.

Details of the number of SGP and ESOS ordinary shares granted, vested and outstanding since the commencement of the SGP and ESOS are as follows:

	SGP	ESOS
Total number of SGP/ESOS granted	805,600	515,000
Total number of SGP/ESOS surrender/exercised	805,600	–
Total number of SGP/ESOS lapsed/cancelled/opted out	–	40,000
Total number of SGP/ESOS outstanding	–	475,000

Granted to Directors and Senior Management:

	SGP	ESOS
Aggregate number of SGP/ESOS granted	401,900	230,000
Aggregate number of SGP/ESOS surrender/exercised	401,900	–
Aggregate number of SGP/ESOS outstanding	–	–

There were no SGP granted to Non-Executive Directors since the commencement date of the LTIP.

Details of the LTIP are disclosed in page 195 to page 199, notes 22, 23 and 24 of the audited financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITY

in Respect of the Audited Financial Statements

The Directors are responsible to prepare financial statements for each financial year to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year, as well as the financial performance and cash flows of the Group and of the Company for the financial year ended, in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), the requirements of Companies Act 2016.

In preparing the financial statements, the Directors considers that:

(a) all applicable MFRS and IFRSs reporting requirements have been followed;

(b) the Group and the Company have used appropriate accounting policies and have consistently applied them;

(c) reasonable and prudent judgments and estimates were made; and

(d) the financial statements were prepared on the going concern basis as the Board has a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records and other records which disclose with the reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act as well as the applicable approved accounting standards in Malaysia. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The Directors confirmed that they have complied with the above requirements for the audited financial statements for the financial year ended 31 December 2025.

The Statement of Directors' Responsibility for the annual audited financial statements is approved by the Board on 16 April 2026.

DIRECTORS' REPORT

The directors of **WANG-ZHENG BERHAD** hereby submit their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than those as disclosed in Significant Events below.

SIGNIFICANT EVENTS AND EVENTS AFTER THE FINANCIAL YEAR END

On 30 June 2025, a fire incident occurred at the factory building of Carefeel Cotton Industries (M) Sdn. Bhd., a subsidiary, resulting in severe damage to the assets and manufacturing facilities located at the premise. As a result, the Group recognised assets write-off, a gain on lease termination, proceed from scrap sales and interim insurance claim proceed in profit or loss for the year. as disclosed in Note 7 to the financial statements.

The Group received interim insurance proceeds amounting to RM5.1 million, comprising RM3.6 million in respect of property, plant and equipment and RM1.5 million in respect of inventories during the current financial year. The insurance proceeds relating to property, plant and equipment have been recognised as other income for the financial year, as the compensation relates to assets that had been derecognised following the fire incident. The insurance proceeds relating to inventories have been recognised as other payables as at the reporting date, as the recovery did not meet the recognition criteria for income as at year end.

After the financial year end, the Group received approval for final insurance amounting to RM11.7 million and RM5.9 million in respect of property, plant and equipment and inventories respectively. These final claims include the RM5.1 million interim insurance proceeds received during the current financial year. Out of the remaining balance of RM12.5 million, RM7.6 million had been received as at the date of this report.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
(Loss)/Profit for the year	(7,680,479)	985,684
Attributable to:		
Owner of the parent	(7,680,479)	985,684

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the impact from fire incident as disclosed in Note 7 to the financial statements.

DIVIDENDS

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2024:	
Second and final single tier tax exempt dividend of RM0.005 per ordinary share and paid on 16 June 2025	796,782

The directors do not recommend the payment of any dividend for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased the number of issued shares from 160,302,333 ordinary shares to 160,634,966 ordinary shares by way of new issuance of 332,633 ordinary shares at an issue price of RM0.5276 per ordinary share pursuant to Wang-Zheng Berhad's Long-Term Incentive Plan. The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any new debentures during the financial year.

LONG-TERM INCENTIVE PLAN

At an Extraordinary General Meeting on 30 January 2024, the shareholders approved the establishment of a Long-Term Incentive Plan ("LTIP"), comprising an employees' share option scheme ("ESOS") and a Share Grant Plan ("SGP"). The LTIP is administered by the LTIP Committee which is appointed by the Board of Directors in accordance with the LTIP By-Laws. The LTIP was in force for a period of 5 years from the effective date of 27 February 2024 to 26 February 2029.

The details of the LTIP are as disclosed in Note 22(b) to the financial statements.

On 17 June 2025, the Company granted and vested 805,600 ordinary shares to the eligible employees (including executive directors) of the Company and its subsidiaries under the SGP through issuance of 332,633 new ordinary shares at the issuance price of RM0.5276 per share and transfer of 472,967 treasury shares with a carrying amount of RM0.46 per share and as disclosed in Note 22(a) and Note 23 to the financial statements.

SHARE OPTIONS

As disclosed under the Long-Term Incentive Plan section, shareholders approved the establishment of a Long-Term Incentive Plan which includes an employees' share option scheme ("ESOS"). During the financial year, the Company granted 515,000 share options under the ESOS to eligible employees (including executive directors) of the Company and of its subsidiaries.

Details of ESOS is disclosed in Note 24 (b) to the financial statements.

TREASURY SHARES

At the Annual General Meeting ("AGM") held on 27 May 2025, the shareholders approved the share buy-back up to 10% of the issued and paid-up share capital of the Group and of the Company. The authority from the shareholders will be renewed annually at the shareholders' meeting and will expire at the conclusion of the forthcoming AGM of the Group and of the Company.

The Company does not repurchase any shares from the open market during the financial year ended 31 December 2025.

As at 31 December 2025, the total number of treasury shares held by the Company was 472,966 ordinary shares as disclosed in Note 23 to the financial statements.

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 proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate allowance 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 value of current assets as shown in the accounting records of the Group and of the Company had 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 require the writing off of bad debts or render the amount of allowance 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 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) any charge on the assets of the Group or 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.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Hui Ching Chi*
Hui Lin Chit (demised on 17 April 2025)
Sze Man Bok
Wong Pui Wai Nancy*
Yap Ping Hong
Low Gay Teck
Kington Tong Kum Loong
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)
Li Wai Leung* (resigned on 1 April 2026)

* *These directors are also directors of the subsidiaries*

The directors who held office in the subsidiaries (excluding directors who are also directors of the Company listed above) since the beginning of the financial year until the date of this report are:

Khoo Beng Keong
Soh Lay Ching
Teh Hui Guan (resigned on 20 April 2026)
Liu Yong (resigned on 17 April 2026)
Yong Voon Fui

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and make a part hereof.

DIRECTORS' INTERESTS

The shareholdings of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	Balance as of 1.1.2025	Addition [2]	Disposal	Balance as of 31.12.2025
Interest in the Company				
Direct interests				
Hui Ching Chi	21,319,107	3,532,600	–	24,851,707
Yap Ping Hong	10,000	–	–	10,000
Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	5,000	–	–	5,000
Li Wai Leung	18,000	–	–	18,000
Wong Pui Wai Nancy	10,000	–	–	10,000
Deemed interest				
Hui Ching Chi[1]	90,862,933	–	–	90,862,933
Sze Man Bok[1]	90,862,933	–	–	90,862,933

Notes:

1 Deemed interest through shareholdings in Hengan International Group Company Limited, the ultimate holding company.

2 Pursuant to Share Grant Plan of the Company, 68,000 ordinary shares have been granted to Hui Ching Chi.

	Number of share options under ESOS			
	Balance as of 1.1.2025	Granted	Exercised	Balance as of 31.12.2025
Interest in the Company				
Deemed interests				
Hui Ching Chi	–	40,000	–	40,000

By virtue of the above directors' direct and deemed interest in the ultimate holding company and the Company, these directors are also deemed to have interest in shares in all the subsidiaries of the Company, to the extent the ultimate holding company and the Company have an interest.

None of the other Directors in office at the end of the financial year had any interest in the shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company disclosed below) 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the Long-Term Incentive Plan.

The details of the director remuneration for the financial year ended 31 December 2025 are set out below:

	The Group RM	The Company RM
Salaries, bonus and other emoluments	1,218,001	85,000
Directors' fees	144,000	144,000
Defined contribution plans	63,788	–
Employee share options expenses	16,345	3,632
Social security contributions	6,014	–
	1,448,148	232,632

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Directors and Officers of the Company are covered by Directors' and Officers' liability insurance taken out by the ultimate holding company, Hengan International Group Company Limited, with a total indemnity coverage of RM54,728,000. The insurance premium paid by the ultimate holding company amounted to RM35,552.

There were no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act 2016.

HOLDING COMPANIES

The Directors regard the immediate holding company as Hengan (Malaysia) Investments Company Limited, a company incorporated and domiciled in the British Virgin Islands. The intermediate holding company is Hengan Mega Jumbo Investments Limited, a company incorporated and domiciled in Hong Kong. The ultimate holding company is Hengan International Group Company Limited, a public limited liability company, incorporated and domiciled in the Cayman Islands and is listed on The Stock Exchange of Hong Kong Limited.

AUDITORS

The auditors, Deloitte Malaysia PLT (formerly known as Deloitte PLT), have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 December 2025 is amounted to RM331,100 and RM70,000 for the Group and the Company respectively.

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

HUI CHING CHI

WONG PUI WAI NANCY

24 April 2026

INDEPENDENT AUDITORS' REPORT

to the Members of Wang-Zheng Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **WANG-ZHENG BERHAD**, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 152 to 217.

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 their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matter

Group:

The Group has investment properties ("IP"), property, plant and equipment ("PPE") and right-of-use assets ("ROU") (collectively referred to as "non-financial assets") with carrying amounts of RM5,515,741, RM22,213,012 and RM29,370,988 respectively as at 31 December 2025.

There were indications that the carrying amounts of the Group's IP, PPE and ROU may be impaired due to the Group's net assets is higher than its market capitalisation and certain operating subsidiaries with material right-of-use assets and property, plant and equipment are in loss-making position.

The Directors and management have performed impairment assessment of the assets and the recoverable amount of the assets were determined based on either fair value less cost to sell or value in use, depending on the nature of the assets.

The assessment of recoverable amount of non-financial assets requires significant judgement and estimates made by the Directors and management as disclosed in Notes 4 and 11 to the financial statements.

Our audit performed and responses thereon

- Evaluated Directors and management's assessment of impairment indicators for the non-financial assets and basis of determining the cash generating units of the respective assets.

For non-financial assets in which the recoverable amount was determined based on fair value less cost to sell:

- Evaluated the competency, capabilities and objectivity of the external valuation specialists engaged by the Directors and management.
- Obtained an understanding of the valuation methodology used by the external valuation specialists and assessed whether such methodology is consistent with those used in the industry.
- Discussed with the external valuation specialists to understand the basis and key assumptions used in their valuation process.
- Assessed the appropriateness of the data and key assumptions used by the external valuation specialists as inputs in their valuations in consideration of the current market conditions.

For non-financial assets in which the recoverable amount was determined based on value in use calculation:

- Reviewed and evaluated the appropriateness of the methodology of the value in use calculation and tested the mathematical accuracy.
- Discussed with the Directors and management to understand and challenged the basis and assumptions used.
- Performed retrospective assessment of key assumptions by comparing prior-year estimates to actual outcomes.
- Involved our internal valuation specialists to evaluate the appropriateness of the discount rate used by the Directors and management in determination of recoverable amount, and assessed their competency, capabilities and objectivity.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key audit matter	*Our audit performed and responses thereon*
	For impairment assessments determined above: • Assessed the results of the impairment assessment by comparing the recoverable amount to the related carrying amount to ascertain whether an impairment is required. • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.
Company The Company has investment in subsidiaries with carrying amount of RM55,725,567 as at 31 December 2025. There were indications that the carrying amounts of investment in certain subsidiaries may be impaired due to the deterioration of their performance over the past years. Therefore, the Directors and management had made an impairment assessment and determined the recoverable amount based on value in use calculation using cash flows projections. The assessment of recoverable amount of investment in subsidiaries requires significant judgement and estimates made by the Directors and management as disclosed in Notes 4 and 15 to the financial statements.	• Evaluated Directors and management's assessment of impairment indicators for investment in subsidiaries. • Reviewed and evaluated the appropriateness of the methodology of the value in use calculation and tested the mathematical accuracy. • Discussed with the Directors and management to understand and challenged the basis and assumptions used. • Performed retrospective assessment of key assumptions by comparing prior-year estimates to actual outcomes. • Involved our internal valuation specialists to evaluate the appropriateness of the discount rate and long-term growth rate used by the Directors and management in determination of recoverable amount, and assessed their competency, capabilities and objectivity. • Assessed the results of the impairment assessment by comparing the recoverable amount to the related carrying amount to ascertain whether an impairment is required. • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 the 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 skepticism throughout the audit. We also: (Cont'd)

- 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 and 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 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 the audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and 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.

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, is disclosed in Note 15 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.

DELOITTE MALAYSIA PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KHONG SIEW CHIN
Partner - 03049/03/2027 J
Chartered Accountant

24 April 2026

STATEMENTS OF COMPREHENSIVE INCOME

for the Year Ended 31 December 2025

	Note	The Group 2025 RM	The Group 2024 RM	The Company 2025 RM	The Company 2024 RM
Revenue	5	302,858,176	308,759,587	1,375,000	5,450,000
Cost of sales		(273,938,041)	(281,725,649)	–	–
Gross profit		28,920,135	27,033,938	1,375,000	5,450,000
Other income		9,673,262	8,030,797	1,058,312	1,153,274
Marketing and distribution expenses		(16,691,480)	(11,183,090)	–	–
Administration expenses		(16,424,346)	(18,112,325)	(2,243,766)	(4,168,622)
Finance costs	6	(2,250,838)	(2,717,628)	–	–
Losses relating to fire incident	7	(11,555,978)	–	–	–
(Loss)/Profit before tax	7	(8,329,245)	3,051,692	189,546	2,434,652
Income tax credit/(expense)	9	648,766	(1,980,240)	796,138	(202,125)
(Loss)/Profit for the year		(7,680,479)	1,071,452	985,684	2,232,527
Other comprehensive loss, net of tax:					
Item that will not reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations		(154,578)	(31,314)	–	–
Total comprehensive (loss)/income for the year		(7,835,057)	1,040,138	985,684	2,232,527
(Loss)/Earnings per share (sen)					
Basic	10	(4.80)	0.67		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

as of 31 December 2025

	Note	The Group 2025 RM	The Group 2024 RM	The Company 2025 RM	The Company 2024 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	22,213,012	25,209,276	48,835	29,651
Investment properties	12	5,515,741	6,123,925	–	–
Right-of-use assets	13	29,370,988	27,074,842	–	–
Other assets	14	22,566	22,994	–	–
Investment in subsidiaries	15	–	–	55,725,567	54,072,567
Deferred tax assets	16	956,836	957,321	–	–
Other receivables, deposits and prepayments	17	254,689	18,340	–	–
Total Non-current Assets		58,333,832	59,406,698	55,774,402	54,102,218
Current Assets					
Inventories	18	66,479,849	77,309,771	–	–
Right to returned goods asset	18	654,320	734,005	–	–
Trade receivables	19	58,653,501	60,140,023	–	–
Other receivables, deposits and prepayments	17	2,238,827	4,796,806	60,398	80,406
Amounts due from subsidiaries	20	–	–	9,622,205	2,310,707
Tax recoverable		2,044,118	3,236,999	52,640	–
Fixed deposits with licensed banks	21	37,121,709	55,200,000	21,700,000	31,200,000
Cash and bank balances		37,596,357	38,224,304	1,500,693	432,785
Total Current Assets		204,788,681	239,641,908	32,935,936	34,023,898
TOTAL ASSETS		263,122,513	299,048,606	88,710,338	88,126,116

Statements of Financial Position as of 31 December 2025 (Cont'd)

	Note	The Group 2025 RM	The Group 2024 RM	The Company 2025 RM	The Company 2024 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	22	87,152,125	86,976,638	87,152,125	86,976,638
Treasury shares	23	(214,447)	(432,012)	(214,447)	(432,012)
Employee share options reserve	24	43,131	–	43,131	–
Translation reserve	24	(191,792)	(37,214)	–	–
Retained earnings	25	105,750,398	114,227,659	1,410,721	1,221,819
Total Equity		192,539,415	200,735,071	88,391,530	87,766,445
Non-current Liabilities					
Lease liabilities	26	1,830,887	4,576	–	–
Deferred tax liabilities	16	–	202,567	–	–
Total Non-current Liabilities		1,830,887	207,143	–	–
Current Liabilities					
Trade payables	28	13,547,836	18,712,193	–	–
Other payables	29	8,926,068	10,273,032	318,808	327,210
Lease liabilities	26	1,101,073	830,501	–	–
Bank borrowings	30	43,851,915	66,130,475	–	–
Hire purchase payables	27	–	116,661	–	–
Provision	31	990,619	846,440	–	–
Contract liabilities	32	334,700	674,192	–	–
Tax payable		–	522,898	–	32,461
Total Current Liabilities		68,752,211	98,106,392	318,808	359,671
Total Liabilities		70,583,098	98,313,535	318,808	359,671
TOTAL EQUITY AND LIABILITIES		263,122,513	299,048,606	88,710,338	88,126,116

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

for the Year Ended 31 December 2025

The Group	Attributable to Owners of the Company					
	Share capital RM	Treasury shares RM	Employee share options reserve RM	Translation reserve RM	Retained earnings RM	Total RM
As of 1 January 2025	86,976,638	(432,012)	–	(37,214)	114,227,659	200,735,071
Loss for the year	–	–	–	–	(7,680,479)	(7,680,479)
Exchange difference on translation of foreign operations	–	–	–	(154,578)	–	(154,578)
Total comprehensive loss	–	–	–	(154,578)	(7,680,479)	(7,835,057)
Share options granted under Employees' Share Option Scheme (Note 24)	–	–	43,131	–	–	43,131
Share Grant Plan (Note 22)	175,487	217,565	–	–	–	393,052
Transaction with owners: Dividends (Note 33)	–	–	–	–	(796,782)	(796,782)
As of 31 December 2025	87,152,125	(214,447)	43,131	(191,792)	105,750,398	192,539,415

The Group	Attributable to Owners of the Company				
	Share capital RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total RM
As of 1 January 2024	86,676,846	(649,578)	(5,900)	117,936,899	203,958,267
Profit for the year	–	–	–	1,071,452	1,071,452
Exchange difference on translation of foreign operation	–	–	(31,314)	–	(31,314)
Total comprehensive income	–	–	(31,314)	1,071,452	1,040,138
Share Grant Plan (Note 22)	299,792	217,566	–	–	517,358
Transaction with owners: Dividends (Note 33)	–	–	–	(4,780,692)	(4,780,692)
As of 31 December 2024	86,976,638	(432,012)	(37,214)	114,227,659	200,735,071

Statements of Changes in Equity for the Year Ended 31 December 2025 (Cont'd)

The Company	Share capital RM	Treasury shares RM	Employee share options reserve RM	Retained earnings RM	Total RM
As of 1 January 2025	86,976,638	(432,012)	–	1,221,819	87,766,445
Profit for the year	–	–	–	985,684	985,684
Share options granted under Employees' Share Option Scheme (Note 24)	–	–	43,131	–	43,131
Share Grant Plan (Note 22)	175,487	217,565	–	–	393,052
Transaction with owners: Dividends (Note 33)	–	–	–	(796,782)	(796,782)
As of 31 December 2025	87,152,125	(214,447)	43,131	1,410,721	88,391,530

The Company	Share capital RM	Treasury shares RM	Retained earnings RM	Total RM
As of 1 January 2024	86,676,846	(649,578)	3,769,984	89,797,252
Profit for the year	–	–	2,232,527	2,232,527
Share Grant Plan (Note 22)	299,792	217,566	–	517,358
Transaction with owners: Dividends (Note 33)	–	–	(4,780,692)	(4,780,692)
As of 31 December 2024	86,976,638	(432,012)	1,221,819	87,766,445

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

for the Year Ended 31 December 2025

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(8,329,245)	3,051,692	189,546	2,434,652
Adjustments:				
Amortisation of other assets	428	430	–	–
Allowance for slow moving inventories	605,592	2,807	–	–
Depreciation of:				
property, plant and equipment	3,709,913	3,391,061	9,135	4,529
right-of-use assets	1,376,765	1,388,664	–	–
investment properties	96,069	107,511	–	–
Dividend income	–	–	–	(3,950,000)
Fair value loss on financial asset	–	452	–	–
Property, plant and equipment written off	5,693,856	74,557	–	–
Gain on disposal of property, plant and equipment	(1,285)	(43,026)	–	–
Bad debts written off	–	4,716	–	–
Inventories written off	5,862,122	–	–	–
Allowance for impairment loss on trade receivables, net	5,705	1,042,600	–	–
Interest expense	2,250,838	2,717,628	–	–
Interest income	(2,313,752)	(2,849,758)	(1,058,312)	(1,153,274)
Impairment of:				
Property, plant and equipment	–	1,300,000	–	–
Right-of-use assets	–	200,000	–	–
Investment in subsidiaries	–	–	–	2,000,000
Provision for sales tax	990,619	846,440	–	–
Unrealised loss on foreign exchange	206,562	160,119	–	–
Employee share options expenses	43,131	–	43,131	–
Gain on lease termination	(218,035)	(1,379)	–	–
Operating Profit/(Loss) Before Working Capital Changes	9,979,283	11,394,514	(816,500)	(664,093)
Changes in working capital:				
Inventories	4,362,209	(9,029,535)	–	–
Right to returned goods asset	79,683	203,468	–	–
Receivables	3,001,093	(4,202,369)	413,060	446,828
Payables	(7,260,930)	13,579,186	(8,402)	23,338
Contract liabilities	(339,492)	36,511	–	–
Cash Generated From/(Used In) Operations	9,821,846	11,981,775	(411,842)	(193,927)
Interest received	2,313,752	2,849,758	900,031	1,153,274
Interest paid	(2,250,838)	(2,717,628)	–	–
Tax refunded	3,309,078	–	917,531	–
Tax paid	(2,183,385)	(1,965,851)	(206,494)	(190,418)
Net Cash From Operating Activities	11,010,453	10,148,054	1,199,226	768,929

Statements of Cash Flows for the Year Ended 31 December 2025 (Cont'd)

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	–	–	2,200,000	4,750,000
Incorporation of new subsidiary	–	–	(1,653,000)	–
Loans to subsidiary	–	–	(12,500,000)	–
Repayment from subsidiary	–	–	3,000,000	–
Advances to subsidiary	–	–	(11,498)	(12,904)
Interest received	–	–	158,281	–
Proceeds from disposal of property, plant and equipment	4,600	197,900	–	–
Purchase of property, plant and equipment	(5,467,883)	(7,251,895)	(28,319)	(22,396)
Addition of right-of-use assets	–	(7,440,374)	–	–
Addition in investment in subsidiary	–	–	–	(100,000)
Net Cash (Used In)/From Investing Activities	(5,463,283)	(14,494,369)	(8,834,536)	4,614,700
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(796,782)	(4,780,692)	(796,782)	(4,780,692)
Drawdown of bank borrowings	177,691,059	212,293,907	–	–
Repayment of bank borrowings	(199,969,619)	(230,223,914)	–	–
Repayment of hire purchase payables	(116,661)	(1,363,145)	–	–
Repayment of lease liabilities	(845,878)	(1,015,266)	–	–
Net Cash Used In Financing Activities	(24,037,881)	(25,089,110)	(796,782)	(4,780,692)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(18,490,711)	(29,435,425)	(8,432,092)	602,937
Effect of exchange rate changes on cash and cash equivalents	(215,527)	(72,343)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	93,424,304	122,932,072	31,632,785	31,029,848
CASH AND CASH EQUIVALENTS AT END OF YEAR	74,718,066	93,424,304	23,200,693	31,632,785

(i) Cash and cash equivalents represent fixed deposits with licensed banks and cash and bank balances.

(ii) The issuance of new ordinary shares and the transfer of treasury shares during the current and previous years were applied in settlement of accrued bonuses for eligible employees under the Share Grant Plan. As these transactions were settled through equity instruments rather than cash, they represent non cash transactions.

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of these activities during the financial year other than those as disclosed in Significant Events in Note 40.

The registered office of the Group and of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Group and of the Company is located at No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2026.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information in Note 3.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires Directors and management to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' and management's best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of Amendments to MFRSs

In the current year, the Group and the Company have adopted all the Amendments to MFRSs which are mandatory for accounting periods beginning on or after 1 January 2025:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates- Lack of Exchangeability

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

New Standards and Amendments to MFRS in issue but not yet effective

At the date of authorisation for issue of these financial statements, the New MFRSs and Amendments to MFRSs that are relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Annual improvement to MFRS	Accounting Standards - Volume 11[1]
Amendments to MFRS 9 And MFRS 7	Classification and Measurement of Financial Instruments[1]
Amendments to MFRS 9 And MFRS 7	Contracts Referencing Nature-dependent Electricity[1]
MFRS 18	Presentation and Disclosures in Financial Statements[2]
MFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to MFRS 10 And MFRS128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2027, with earlier application permitted.
3 Effective date deferred to date to be determined and announced by MASB.

The Directors anticipate that the abovementioned New MFRSs and Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective. The adoption of these New MFRSs and Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for MFRS 18 "Presentation and Disclosure in Financial Statements".

MFRS 18 "Presentation and Disclosure in Financial Statements" will replace MFRS 101 "Presentation of Financial Statements" upon its adoption. This new standard sets out the new requirements for the presentation and disclosure of information in the primary financial statements and notes. The potential impact of the new standard on the financial statements of the Group and of the Company has yet to be assessed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed in profit or loss as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Investment in subsidiaries

Investment in unquoted shares of subsidiaries is stated at cost less accumulated impairment, if any.

Revenue recognition

(i) Revenue from contract with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of applicable tax, returns, rebates and discounts. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group's revenue is derived mainly from sales of disposable fibre-based products and processed papers products.

Sale of goods

Revenue from sales of disposable fibre-based products and processed papers products are recognised net of discount and applicable tax at the point in time when control of the goods is transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to location specified by the customer and acceptance of the goods by the customer, or upon delivery of the products on board for onward delivery to the customer.

There is no element of financing present as the Group's sale of goods are either on cash term or on credit terms not exceeding 12 months, which is consistent with market practice. A receivable is recognised when the goods are delivered and the customers has inspected and accepted the products as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Disposable fibre-based products

Revenue from sales of disposable fibre-based products is often sold with fixed rebate percentage. Revenue from these sales is recognised based on the price specified in the contract, net of rebates. A refund liability for the rebate is recognised for the rebates payable to customers in relation to sales.

The Group sell its products to the customers with a right of return. Therefore, a refund liability (a financial liability) is recognised as the Group receives consideration from its customers and expects to refund some or all of that consideration to the customers. The refund liability is measured at the amount of consideration received (or receivable) for which the Group does not expect to be entitled (i.e. amounts not included in the transaction price). The refund liability shall be updated at the end of each reporting period for changes in expectations about the amount of refunds, with corresponding adjustments as revenue (or reductions of revenue). A right to the returned goods (an asset) are recognised for the products expected to be returned by customers, with a corresponding adjustment to cost of sales, to account for the entity's right to recover products from customers on settling the refund liability. The Group present the asset separately from the refund liability. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level using the most likely amount method. Because the number of products returned has been steady for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue recognition (Cont'd)

(i) Revenue from contract with customers (Cont'd)

Disposable fibre-based products (Cont'd)

The consideration payable to customers are accounted for as a reduction of the transaction price unless the payment to the customers are in exchange for distinct goods or services that the customers transfer to the Group.

Revenue from scrap sales is recognised point in time when the control of the scrap has transferred, being when the scrap is delivered to and accepted by the customers.

Processed papers products

The Group enters some bill-and-hold arrangements with customers where the customers are billed for goods that are ready for delivery, but the Group retains physical possession of the goods until they are physically delivered to the customer at a point in time in the future. Revenue is recognised when control of the goods transfers to the customers and was recognised at point in time.

Revenue from the provision of delivery services is recognised at a point in time upon completion of the services, whereas revenue from storage services is recognised over time throughout the period in which the services are rendered.

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:

- Rental income from investment properties is recognised on the straight-line basis over the contract terms.
- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the Company's right to receive payment is established.

Foreign Currency

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity, are express in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Foreign Currency (Cont'd)

(ii) Foreign Currency Transactions (Cont'd)

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain and loss is also recognised in other comprehensive income.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Employee Benefits

(i) Short-term employees' benefit

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(iii) Share Grant Plan ("SGP")

Eligible employees (including executive directors) of the Company and its subsidiaries are entitled to performance-based shares as consideration for services rendered. The SGP may be settled by way of issuance of new shares, transfer of the Company's treasury shares, acquisition of the existing shares of the Company from the market, payment of the equivalent cash value of such new shares and/or existing shares of the Company, any other method as may be permitted by the Companies Act, 2016 or a combination of any of the above, at the discretion of the Long-Term Incentive Plan Committee. The fair value of the SGP granted to eligible employees and directors is recognized as an employee benefits expense in profit or loss.

(iv) Employee share options scheme ("ESOS")

The ESOS allows the Group's and the Company's employees to acquire shares of the Company. The total fair value of share options granted is recognised as an employee benefits expense with the corresponding increase in employee share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the Black Scholes Option Pricing model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each reporting date, the Group and the Company revise its estimates of the number of options that are expected to become exercisable on vesting conditions. It recognises the impact of the revision of original estimates. If any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the employee share options reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Employee Benefits (Cont'd)

(iv) Employee share options scheme ("ESOS") (Cont'd)

The fair value of the share options recognised in the employee share options reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share options. The proceeds received net of any direct attributable transactions costs are credited to equity when the option are exercised.

Income Tax

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the asset to be recoverable.

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 they relate to income taxes by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the assets' carrying amount or recognised as separate assets as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the year in which they were incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Property, Plant and Equipment (Cont'd)

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Property, plant and equipment are depreciated on the straight-line method to allocate the cost, to their residual values over their estimated useful lives summarised as follows:

Plant and machinery	5 - 12½ years
Motor vehicles	5 years
Office equipment and computers	5 - 10 years
Furniture and fittings	8 - 10 years
Electrical installation and renovation	4 - 10 years
Factory equipment	10 years
Signboard	8 - 10 years

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Investment properties

Investment properties, comprising principally buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, other transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight-line basis to allocate the cost to their residual values over their estimated useful lives of 94 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases

(i) Accounting by lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease term

The Group applies the cost model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment properties owned by the Group.

The Group presents ROU assets that meet the definition of investment property in the statements of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statements of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases (Cont'd)

(i) Accounting by lessee (Cont'd)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statements of comprehensive income.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer and small items of office furniture, such as photocopy machine. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of Non-Financial Assets

The Group and the Company assess assets that are subject to depreciation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss and presented within administration expenses in the period of which arises. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost are assigned to individual items of inventory on the basis of weighted average costs. The cost of finished goods comprises raw materials, direct labour, other direct costs, including import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of raw materials comprises the original purchase price plus the cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

Financial Instruments

(a) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) Measurement (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group primarily classifies its debt instruments at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are included as administration expenses in the statements of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

(iv) Subsequent measurement - Impairment

Impairment for debts instruments carried at amortised cost and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have three types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables, deposits and amounts due from subsidiaries
- Financial guarantee contracts

While cash and cash equivalents and fixed deposits with licensed banks are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. The financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iv) Subsequent measurement - Impairment (Cont'd)

Impairment for debts instruments carried at amortised cost and financial guarantee contracts (Cont'd)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

(b) General 3-stage approach for other receivables, deposits and amounts due from subsidiaries and financial guarantee contracts issued.

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if the credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Definition of default

If information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, the Group and the Company consider this as constituting an event of default for internal credit risk management purposes.

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iv) Subsequent measurement - Impairment (Cont'd)

Definition of Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is creditimpaired includes observable data about the following events:

- significant financial difficulty of the debtors;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the debtors will enter bankruptcy.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, deposits and amounts due from subsidiaries

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. Subsequent recoveries of amounts previously written off will result in impairment gains.

(b) Financial liabilities

(i) Classification

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Recognition

Payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank borrowings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial Instruments (Cont'd)

(b) Financial liabilities (Cont'd)

(ii) Recognition (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognized and the consideration paid is recognised in profit or loss.

Share Capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(iii) Purchase of own shares

Where the Company purchases the Company's equity instruments as a result of a share buy-back, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed off. Where such ordinary shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(iv) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Share Capital (Cont'd)

(iv) Earnings per share (Cont'd)

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offer different products and serves different markets.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions, with original maturities of 3 months or less that are readily convertible to known amount of cash of which are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgements in Applying the Group's and the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as disclosed below:

(i) Determining recoverable amounts of non-financial assets

As of the end of the reporting period, the Directors and management have carried out impairment reviews of the non-financial assets including investment properties, property, plant and equipment and right-of-use assets with carrying amounts of RM5,515,741 (2024: RM6,123,925), RM22,213,012 (2024: RM25,209,276) and RM29,370,988 (2024: RM27,074,842) respectively which have indications of impairment in view of the carrying amount of the Group's net assets being higher than its market capitalisation and certain operating subsidiaries with material right-of-use assets and property, plant and equipment are in loss-making position.

The recoverable amount of the assets were determined based on either fair value less cost to sell or value in use, depending on the nature of the assets.

(a) For leasehold land and buildings and freehold buildings included in investment properties and right-of-use assets, the recoverable amount is identified at the individual asset level based on their fair value less cost to sell. Fair value less cost to sell is determined based on estimates prepared by independent external valuer. The fair value is estimated based on comparison of current prices in an active market for similar leasehold land and buildings and freehold building in the same location and condition and adjusting the transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property, such as location, accessibility to the location, size, tenure and comparable transaction dates. Based on the external valuation, the Group has concluded no impairment loss to be recognised.

(b) As plant and machinery, leased factory and other assets do not generate independent cash flow respectively, the Group's CGU is identified as each operating subsidiary. Accordingly, these assets have been grouped into one (2024: two) CGUs for assessment of recoverable amounts based on value in use ('VIU') method. Determining the recoverable amount of assets based on the VIU method requires the estimation of future cash flows to be generated by the CGUs from the continued use and ultimate disposition of its assets as approved by the Directors and management. The length of the cash flows takes into consideration the finite life of the non-financial assets and are projected based on formal budgets approved by the Directors and management. Projected future cash flows requires Directors' and management's estimates and judgement to derive future cash flows based on certain key assumptions as disclosed in Note 11.

(ii) Determining recoverable amounts of investment in subsidiaries

The Company has investment in subsidiaries with carrying amount of RM55,725,567 (2024: RM54,072,567) as at 31 December 2025. There were indications that the carrying amounts of investment in certain subsidiaries may be impaired due to the deterioration of the performance of certain subsidiaries over the past years.

Therefore, the Directors and Management had made an impairment assessment and determined the recoverable amount based on value in use calculation using cash flows projections. The key assumptions are disclosed in Note 15.

5. REVENUE

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers:				
Sale of goods	301,443,778	307,482,330	–	–
Services rendered	1,414,398	1,277,257	–	–
Revenue from other sources:				
Management fee income	–	–	1,375,000	1,500,000
Dividend income	–	–	–	3,950,000
	302,858,176	308,759,587	1,375,000	5,450,000

The Group recognises its revenue from contracts with customers in the following manner:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Timing of revenue recognition:				
At a point in time	301,443,778	307,482,330	–	–
Over time	1,414,398	1,277,257	–	–
Total revenue	302,858,176	308,759,587	–	–

6. FINANCE COSTS

	The Group	
	2025 RM	2024 RM
Interest expenses on:		
Bank borrowings	2,188,599	2,632,146
Lease liabilities	61,770	43,035
Hire purchase payables	469	42,447
	2,250,838	2,717,628

7. LOSS/(PROFIT) BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting) amongst other, the following items:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Staff costs including Directors' remuneration (Note 8)	20,745,500	20,982,186	1,440,521	1,531,548
Transport expenses	3,989,046	3,218,984	–	–
Depreciation of:				
Property, plant and equipment (Note 11)	3,709,913	3,391,061	9,135	4,529
Right-of-use assets (Note 13)	1,376,765	1,388,664	–	–
Investment properties (Note 12)	96,069	107,511	–	–
Warehousing expenses	1,545,307	1,311,646	–	–
Provision for sales tax	990,619	846,440	–	–
Lease expenses relating to short-term leases	674,872	694,830	–	–
Allowance for slow moving inventories	605,592	2,807	–	–
Auditors' remuneration:				
Statutory audits	321,100	310,000	60,000	60,000
Non-audit services	10,000	10,000	10,000	10,000
Marketing and promotional expenses	250,213	930,667	–	–
Amortisation of other assets	428	430	–	–
Bad debts written off	–	4,716	–	–
Impairment of:				
Property, plant and equipment	–	1,300,000	–	–
Right-of-use assets	–	200,000	–	–
Investment in subsidiaries	–	–	–	2,000,000
Fair value loss on financial assets	–	452	–	–
Property, plant and equipment written off	–	74,557	–	–
Loss/(Gain) on foreign exchange:				
Unrealised	206,562	160,119	–	–
Realised	7,619	(376,215)	–	–
Allowance for impairment on trade receivables, net	5,705	1,042,600	–	–
Interest income	(2,313,752)	(2,849,758)	(1,058,312)	(1,153,274)
Rental income	(166,800)	(196,800)	–	–
Gain on disposal of property, plant and equipment	(1,285)	(43,026)	–	–
Gain on lease termination	–	(1,379)	–	–
Impact from fire incident (Note 40):				
Inventories written off	5,862,122	–	–	–
Property, plant and equipment written off	5,693,856	–	–	–
	11,555,978	–	–	–
Insurance claim proceed	(3,600,000)	–	–	–
Proceed from scrap sale	(782,400)	–	–	–
Gain on lease termination	(218,035)	–	–	–
	(4,600,435)	–	–	–
Net	6,955,543	–	–	–

8. STAFF COSTS

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, bonus and other emoluments	18,545,334	18,916,410	1,174,688	1,287,108
Directors' fees	144,000	162,000	144,000	162,000
Social security contributions	278,114	250,544	7,858	6,066
Defined contribution plans	1,334,218	1,250,388	63,566	64,489
Other benefits	400,703	402,844	7,278	11,885
Employee share options expenses	43,131	–	43,131	–
	20,745,500	20,982,186	1,440,521	1,531,548

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company and of the subsidiaries during the financial year as below:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, bonus and other emoluments	1,218,001	1,400,204	85,000	108,000
Directors' fees	144,000	162,000	144,000	162,000
Defined contribution plans	63,788	86,530	–	–
Employee share options expenses	16,345	–	3,632	–
Social security contributions	6,014	5,462	–	–
	1,448,148	1,654,196	232,632	270,000

As of 31 December 2024, the Group and the Company had accrued bonus of RM371,772 and RM47,915 respectively which were to be settled through issuance of new ordinary shares and treasury shares to the eligible employees (including executive Directors) under the Share Grant Plan. The shares were offered on 28 March 2025 and were granted and vested on 17 June 2025.

9. INCOME TAX (CREDIT)/EXPENSE

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Estimated tax payable:				
Current year	798,678	1,984,108	133,360	218,461
Under/(Over)provision in prior years	(1,245,362)	13,751	(929,498)	(16,336)
	(446,684)	1,997,859	(796,138)	202,125
Deferred tax (Note 16):				
Origination and reversal of temporary differences	485	437,712	–	–
Overprovision in prior years	(202,567)	(455,331)	–	–
	(202,082)	(17,619)	–	–
	(648,766)	1,980,240	(796,138)	202,125

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before tax at the applicable statutory income tax rate to income tax (credit)/expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss/(Profit) before tax	8,329,245	(3,051,692)	(189,546)	(2,434,652)
At Malaysian statutory tax rate of 24% (2024: 24%)	(1,999,019)	732,406	45,491	584,316
Different rate in other country	(19,385)	(125,715)	–	–
Tax effects of:				
Expenses not deductible for tax purposes	672,659	564,232	87,869	582,145
Income not subject to tax	(219,664)	(8,796)	–	(948,000)
Deferred tax assets not recognised	2,364,572	1,455,986	–	–
Utilisation of reinvestment allowance	–	(196,293)	–	–
Under/(Over) provision of taxation in prior years	(1,245,362)	13,751	(929,498)	(16,336)
Overprovision of deferred tax assets in prior years	(202,567)	(455,331)	–	–
	(648,766)	1,980,240	(796,138)	202,125

9. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

Deferred tax assets have not been recognised in respect of the following items due to the uncertainty of their recoverability:

	The Group	
	2025 RM	2024 RM
Unutilised tax losses	8,476,704	3,441,279
Unabsorbed capital allowances	561,040	1,147,890
Unutilised reinvestment allowance	6,425,171	8,211,675
Unutilised green investment tax allowance	2,969,622	3,187,150
Deductible temporary differences from:		
Trade receivables	536,434	369,153
Other payables and accrued expenses	1,959,996	520,814
Others	86,663	4,981
Insurance claim proceed	5,719,695	–
	26,735,325	16,882,942

The unutilised tax losses of the Group can be carried forward for 10 (2024: 10) consecutive years of assessment ("YA") as below:

	The Group	
	2025 RM	2024 RM
YA:		
2029	278,689	278,689
2031	75,633	75,633
2032	40,611	40,611
2033	1,727,749	1,727,749
2034	1,318,597	1,318,597
2035	5,035,425	–
	8,476,704	3,441,279

Unabsorbed reinvestment allowance of the Group can be carried forward for 7 consecutive years of assessment until 2031, while unabsorbed capital allowances and unutilised green investment tax allowance has no expiry date.

10. (LOSS)/EARNINGS PER SHARE ("EPS")

(a) Basic (loss)/earnings per share

The basic EPS of the Group is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average numbers of ordinary shares in issue during the financial year.

	The Group	
	2025 RM	2024 RM
(Loss)/Profit attributable to owners of the parent	(7,680,479)	1,071,452
Weighted average number of ordinary shares in issue;		
Adjusted for:	160,482,775	160,191,340
Less: Treasury shares	(472,966)	(945,933)
	160,009,809	159,245,407
Basic (loss)/earnings per ordinary share (sen)	(4.80)	0.67

(b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share as the assumed conversion of the options has an anti-dilutive effect. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Capital work in progress RM	Total RM
Cost									
As of 1 January 2025	44,663,930	4,388,830	2,174,929	1,800,451	4,039,692	11,964,018	17,023	314,593	69,363,466
Additions	3,111,787	248,800	251,855	4,443	610,594	505,041	–	1,678,300	6,410,820
Disposals	–	(97,987)	(3,400)	–	–	–	–	–	(101,387)
Written off (Notes 7 and 40)	(17,437,539)	(32,666)	(272,935)	(88,031)	(1,972,335)	(2,297,129)	(5,957)	(91,800)	(22,198,392)
Reclassification	241,070	–	–	–	–	–	–	(241,070)	–
As of 31 December 2025	30,579,248	4,506,977	2,150,449	1,716,863	2,677,951	10,171,930	11,066	1,660,023	53,474,507
Accumulated depreciation									
As of 1 January2025	25,323,632	4,010,289	1,771,634	1,713,349	3,019,255	6,999,011	17,020	–	42,854,190
Charge for the year	2,515,992	151,292	127,036	10,934	327,512	577,147	–	–	3,709,913
Disposals	–	(97,987)	(85)	–	–	–	–	–	(98,072)
Written off (Notes 7 and 40)	(11,944,544)	(32,666)	(183,661)	(58,254)	(1,713,950)	(1,281,469)	(5,957)	–	(15,220,501)
As of 31 December 2025	15,895,080	4,030,928	1,714,924	1,666,029	1,632,817	6,294,689	11,063	–	31,245,530

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

The Group	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Capital work in progress RM	Total RM
Accumulated impairment									
As of 1 January 2025	798,879	12,252	26,350	7,946	105,757	270,186		78,630	1,300,000
Written off (Notes 7 and 40)	(798,879)	–	(22,637)	(7,946)	(105,757)	(270,186)	–	(78,630)	(1,284,035)
As of 31 December 2025	–	12,252	3,713	–	–	–	–	–	15,965
Carrying amount									
As of 31 December 2025	14,684,168	463,797	431,812	50,834	1,045,134	3,877,241	3	1,660,023	22,213,012
Cost									
As of 1 January 2024	41,716,307	4,454,484	2,103,975	1,788,251	3,617,949	8,295,901	17,023	–	61,993,890
Additions	10,202,545	174,808	72,524	13,300	475,123	3,671,447	–	314,593	14,924,340
Disposals	(160,000)	(240,462)	(1,570)	–	–	–	–	–	(402,032)
Written off	(7,094,922)	–	–	(1,100)	(53,380)	(3,330)	–	–	(7,152,732)
As of 31 December 2024	44,663,930	4,388,830	2,174,929	1,800,451	4,039,692	11,964,018	17,023	314,593	69,363,466

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

The Group	Plant and machinery RM	Motor vehicles RM	Office equipment and computers RM	Furniture and fittings RM	Electrical installation and renovation RM	Factory equipment RM	Signboard RM	Capital work in progress RM	Total RM
Accumulated depreciation									
As of 1 January 2024	30,460,567	4,114,635	1,661,546	1,698,635	2,568,188	6,267,873	17,018	–	46,788,462
Charge for the year	1,933,933	136,111	110,389	14,925	461,233	734,468	2	–	3,391,061
Disposals	(6,400)	(240,457)	(301)	–	–	–	–	–	(247,158)
Written off	(7,064,468)	–	–	(211)	(10,166)	(3,330)	–	–	(7,078,175)
As of 31 December 2024	25,323,632	4,010,289	1,771,634	1,713,349	3,019,255	6,999,011	17,020	–	42,854,190
Accumulated impairment									
As of 1 January 2024	–	–	–	–	–	–	–	–	–
Charge for the year	798,879	12,252	26,350	7,946	105,757	270,186	–	78,630	1,300,000
As of 31 December 2024	798,879	12,252	26,350	7,946	105,757	270,186	–	78,630	1,300,000
Carrying amount									
As of 31 December 2024	18,541,419	366,289	376,945	79,156	914,680	4,694,821	3	235,963	25,209,276

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

The Company	Office equipment RM	Furniture and fittings RM	Total RM
Cost			
As of 1 January 2025	46,153	3,840	49,993
Additions	26,234	2,085	28,319
As of 31 December 2025	72,387	5,925	78,312
Accumulated depreciation			
As of 1 January 2025	19,830	512	20,342
Charge for the year	8,648	487	9,135
As of 31 December 2025	28,478	999	29,477
Carrying amount			
As of 31 December 2025	43,909	4,926	48,835
Cost			
As of 1 January 2024	23,757	3,840	27,597
Additions	22,396	–	22,396
As of 31 December 2024	46,153	3,840	49,993
Accumulated depreciation			
As of 1 January 2024	15,685	128	15,813
Charge for the year	4,145	384	4,529
As of 31 December 2024	19,830	512	20,342
Carrying amount			
As of 31 December 2024	26,323	3,328	29,651

(a) Purchase of property, plant and equipment are as follows:

	The Group	
	2025 RM	2024 RM
Cost of property, plant and equipment	6,410,820	14,924,340
Capitalisation of prior year's deposits balance	(1,013,418)	(4,522,774)
Deposits included under other receivables, deposits and prepayments (classified as current assets)	543,506	1,013,418
Non-paid under other payables	(473,025)	(4,163,089)
	5,467,883	7,251,895

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

(b) Impairment of property, plant and equipment and right-of-use assets

In 2025, the Directors and management had undertaken an assessment of the recoverable amount of property, plant and equipment and right-of-use assets of one cash generating unit ("CGU"), namely Quality Hero Corporation Sdn Bhd. Recoverable amount is determined using the value in use ("VIU") method and is assessed at the CGU level.

Cash flows projection used in the VIU method were based on formal budget approved by Board of Directors covering a five-year period and cash flows beyond the fifth year covering the remaining weighted average useful life of assets within the CGU were projected using the estimated long-term growth rate.

The key assumptions are as follows:

Quality Hero Corporation Sdn Bhd:

(i) Average annual revenue growth rate is based on historical track records, future market outlook and Directors' and management's expectations of market development is assumed to be 6%.

(ii) Budgeted profit margin is determined based on historical track records and Directors' and management's expectation on the industry trend and market development.

(iii) A pre-tax discount rate of 11.4% is applied based on industry average cost of capital with key inputs such as the risk-free rate, market risk premium and industry's debt and equity ratios to market data.

No impairment loss is recorded for 2025 based on the impairment assessment.

In 2024, The Directors and management had undertaken an assessment of the recoverable amount of property, plant and equipment and right-of-use assets of two cash generating units ("CGU"), namely Quality Hero Corporation Sdn Bhd and Carefeel Cottons Industries (M) Sdn Bhd. Recoverable amount is determined using the value in use ("VIU") method and is assessed at the CGU level.

Cash flows projection used in the VIU method were based on formal budget approved by Board of Directors covering a five-year period and cash flows beyond the fifth year covering the remaining weighted average useful life of assets within the CGU were projected using the estimated long-term growth rate.

The key assumptions were as follows:

Quality Hero Corporation Sdn Bhd:

(i) Average annual revenue growth rate was based on historical track records, future market outlook and Directors' and management's expectations of market development is assumed to be 19%.

(ii) Budgeted profit margin was determined based on historical track records and Directors' and management's expectation on the industry trend and market development.

(iii) A pre-tax discount rate of 18.30% was applied based on industry average cost of capital with key inputs such as the risk-free rate, market risk premium and industry's debt and equity ratios to market data.

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

(b) Impairment of property, plant and equipment and right-of-use assets (Cont'd)

The key assumptions were as follows: (Cont'd)

Carefeel Cotton Industries (M) Sdn Bhd:

(i) Average annual revenue growth rate was based on historical track records, future market outlook and Directors' and management's expectations of market development is assumed to be 5%.

(ii) Budgeted profit margin was determined based on historical track records and Directors' and management's expectation on productivity efficiency improvements following the implementation of cost optimization exercise.

(iii) A pre-tax discount rate of 16.30% was applied based on industry average cost of capital with key inputs such as the risk-free rate, market risk premium and industry's debt and equity ratios to market data.

Based on the impairment assessment, the Group recorded impairment loss of property, plant and equipment and right-of-use assets amounting to RM1,300,000 and RM200,000 respectively as disclosed in Note 7.

(c) The carrying amount of property, plant and equipment acquired under hire purchase payables in 2024 was RM4,795,916.

12. INVESTMENT PROPERTIES

The Group	Leasehold buildings RM	Freehold buildings RM	Total RM
Cost			
As of 1 January 2025	6,891,078	3,938,950	10,830,028
Transfer to right-of-use assets	(572,195)	–	(572,195)
As of 31 December 2025	6,318,883	3,938,950	10,257,833
Accumulated depreciation			
As of 1 January 2025	289,042	416,330	705,372
Charge for the year	35,238	60,831	96,069
Transfer to right-of-use assets	(60,080)	–	(60,080)
As of 31 December 2025	264,200	477,161	741,361
Accumulated impairment loss			
As of 1 January/31 December 2025	3,103,339	897,392	4,000,731
Carrying amount			
As of 31 December 2025	2,951,344	2,564,397	5,515,741
Fair value	3,130,000	3,265,250	6,395,250

12. INVESTMENT PROPERTIES (CONT'D)

The Group	Leasehold buildings RM	Freehold buildings RM	Total RM
Cost			
As of 1 January/31 December 2024	6,891,078	3,938,950	10,830,028
Accumulated depreciation			
As of 1 January 2024	242,362	355,499	597,861
Charge for the year	46,680	60,831	107,511
As of 31 December 2024	289,042	416,330	705,372
Accumulated impairment loss			
As of 1 January/31 December 2024	3,103,339	897,392	4,000,731
Carrying amount			
As of 31 December 2024	3,498,697	2,625,228	6,123,925
Fair value	3,690,000	3,250,000	6,940,000

The fair value of the investment properties was estimated based on valuation by independent external valuer. The fair values of the investment properties are within Level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by independent external valuer having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued.

Rental income and direct operating expenses arising from investment properties during the financial year are as follows:

	The Group	
	2025 RM	2024 RM
Depreciation of investment properties	96,069	107,511
Fixed rental income from investment properties	166,800	196,800

The investment properties are leased to tenants under operating leases with rental receivable on a monthly basis. Minimum lease payment receivable on lease of investment properties are as follows:

	The Group	
	2025 RM	2024 RM
Within 1 year	49,200	29,392
Between 1 and 2 years	4,800	–
	54,000	29,392

13. RIGHT-OF-USE ASSETS

The Group	Leasehold land and buildings RM	Hostel RM	Plant and equipment RM	Total RM
Carrying amount				
As of 1 January 2025	27,045,816	–	29,026	27,074,842
Addition	2,952,233	127,870	184,596	3,264,699
Depreciation	(1,237,430)	(42,042)	(97,293)	(1,376,765)
Early termination of lease (Notes 7 and 40)	(103,903)	–	–	(103,903)
Transfer from investment property	512,115	–	–	512,115
At 31 December 2025	29,168,830	85,828	116,329	29,370,988
Carrying amount				
As of 1 January 2024	21,225,999	–	53,906	21,279,905
Addition	7,440,374	–	–	7,440,374
Depreciation	(1,363,784)	–	(24,880)	(1,388,664)
Impairment loss (Note 11)	(200,000)	–	–	(200,000)
Early termination of lease	(56,773)	–	–	(56,773)
At 31 December 2024	27,045,816	–	29,026	27,094,842

(a) Included in the carrying amount of leasehold land and buildings owned by the Group are:

	The Group 2025 RM	2024 RM
Leasehold land and buildings with unexpired lease period of:		
More than 50 years	18,893,591	19,169,686
Less than 50 years	7,068,357	7,316,369

(b) The Group leases various leasehold land and buildings, plant and equipment. Rental contracts are typically made for fixed periods of 2 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	The Group 2025 RM	2024 RM
Cash outflows for leases as a lessee:		
Include in net cash from operating activities:		
Expenses relating to short-term leases (included in rental expenses)	674,872	694,830
Interest paid on lease liabilities	61,770	43,035
Included in net cash from financing activities:		
Repayment of lease liabilities	845,878	1,015,266

13. RIGHT-OF-USE ASSETS (CONT'D)

(c) Leasehold land and buildings with an aggregate carrying amount of RM2,547,931 in 2024 are pledged as securities for bank borrowings as disclosed in Note 30. During the financial year, the pledge over the leasehold land and buildings was discharged.

(d) Impairment losses in respect of right-of-use assets amounting to RM200,000 in 2024 have been included in profit or loss as disclosed in Note 7.

14. OTHER ASSETS

Other assets consist of financial asset measured at fair value through profit or loss and intangible asset as follow:

	The Group	
	2025 RM	2024 RM
Financial asset measured at fair value through profit or loss:		
Quoted investment in Malaysia	14,400	14,400
Intangible asset - Membership in a time-sharing plan:		
Cost:		
At 1 January/31 December	19,341	19,341
Accumulated amortisation:		
At 1 January	10,747	10,317
Amortisation during the financial year	428	430
At 31 December	11,175	10,747
	8,166	8,594
Carrying amount:		
At 31 December	22,566	22,994

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2025 RM	2024 RM
Unquoted shares, at cost:		
At 1 January	56,072,567	55,972,567
Additions	1,653,000	100,000
At 31 December	57,725,567	56,072,567
Accumulated impairment:		
At 1 January	2,000,000	–
Charge for the year	–	2,000,000
At 31 December	2,000,000	2,000,000
Net	55,725,567	54,072,567

During the financial year, the Company has incorporated a new wholly-owned subsidiary in Singapore, namely Wang-Zheng Singapore Pte. Ltd., with issued and paid up share capital amounting to RM1,653,000.

There were indications that the carrying amounts of investment in certain subsidiaries may be impaired due to the deterioration of their performance over the past years. Therefore, the Directors and management had made impairment assessment and determined the recoverable amount based on value in use calculation using cash flows projections from formal budgets approved by the Board of directors covering five-year period with terminal value estimated using long-term growth rate. The key assumptions are as follows:

(i) Average annual revenue growth rate is based on historical track records, future market outlook and Directors' and management's expectations of market development is assumed to be 4% and 5% (2024: 5% to 12%).

(ii) Budgeted profit margin is determined based on historical track records and Directors' and management's expectation on the industry trend, market development and productivity efficiency improvements following the implementation of cost optimization exercise.

(iii) Pre-tax discount rate of 7.0% and 9.9% (2024: 10.4% and 11.1%) is estimated based on industry average cost of capital with key inputs such as the risk-free rate, market risk premium and industry's debt and equity ratios to market data.

(iv) Long-term growth rate of 2.11% (2024: 2.13%) is estimated based on 20-years inflation information in Malaysia.

Based on the impairment assessment, there is no further impairment loss of investment in subsidiaries to be recognised, further to the RM2,000,000 impairment loss recognised in prior year.

Based on the impairment assessment in 2024, the Company recorded impairment loss of investment in subsidiaries amounting to RM2,000,000 as disclosed in Note 7.

In 2024, Quality Hero Corporation Sdn. Bhd., a wholly owned subsidiary of the Company had increased its share capital from RM250,000 to RM350,000.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2025 %	2024 %	
Wang-Zheng Corporation Sdn. Bhd.	Malaysia	100	100	Distributor of disposable fibre-based products
Quality Hero Corporation Sdn. Bhd.	Malaysia	100	100	Manufacturing and distributor of adult and baby diapers, sanitary napkins and its related products
Carefeel Cotton Industries (M) Sdn. Bhd.	Malaysia	100	100	Dormant from 1 July 2025. Previously involved in manufacturing and distributor of facial cotton and other cotton related products
New Top Win Corporation Sdn. Bhd.	Malaysia	100	100	Importing, processing and trading of papers
Modern Alpine Sdn.Bhd.	Malaysia	100	100	Trading and processing in papers and related products
Wonderful Eden Sdn. Bhd.	Malaysia	100	100	Dormant
Wang-Zheng Hong Kong Trading Co., Ltd *	Hong Kong	100	100	Importing, exporting, trading and procurement of personal hygiene products and paper products as well as providing services of sales and marketing, and supply chain management
Wang-Zheng Singapore Pte. Ltd. **	Singapore	100	–	Wholesale of personal effects products

* Audited by Deloitte Touche Tohmatsu Hong Kong
** Audited by firm of auditors other than Deloitte

16. 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, obtained after appropriate offsetting, are shown in the statements of financial position:

	The Group	
	2025 RM	2024 RM
Deferred tax assets	(956,836)	(957,321)
Deferred tax liabilities	–	202,567
Deferred tax assets (net)	(956,836)	(754,754)
At 1 January	(754,754)	(737,135)
Recognised in profit or loss	(202,082)	(17,619)
At 31 December	(956,836)	(754,754)

The movement in deferred tax assets and liabilities of the Group during the financial year are as follows:

	The Group	
	2025 RM	2024 RM
Deferred tax assets (before offsetting):		
Tax effects of temporary differences arising from:		
Trade receivables	489,122	544,811
Inventories	250,467	214,851
Other payables	841,135	519,262
Contract liabilities	80,328	161,806
Unabsorbed reinvestment tax allowances	577,792	795,383
Unabsorbed capital allowances	74,499	797,926
Insurance claim proceed	573,383	–
Lease liabilities	943,493	–
Others	65,881	–
	3,896,100	3,034,039
Offsetting	(2,939,264)	(2,076,718)
Deferred tax assets (after offsetting)	956,836	957,321

16. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

	The Group	
	2025 RM	2024 RM
Deferred tax liabilities (before offsetting):		
Tax effects of temporary differences arising from:		
Property, plant and equipment	1,933,398	2,279,285
Right-of-use assets	1,005,866	–
	2,939,264	2,279,285
Offsetting	(2,939,264)	(2,076,718)
Deferred tax liabilities (after offsetting)	–	202,567

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group	
	Note	2025 RM	2024 RM
Non-current:			
Deposit	(i)	254,689	18,340
Current:			
Other receivables		456,529	825,969
Deposits	(ii)	1,177,750	1,735,686
Prepayments		594,799	2,225,402
GST receivables		9,749	9,749
		2,238,827	4,796,806
Total		2,493,516	4,815,146

	The Company	
	2025 RM	2024 RM
Current:		
Other receivables	53,551	72,298
Prepayments	6,847	8,108
	60,398	80,406

(i) The non-current portion of deposits represents the deposits for rental and utilities that were not expected to be recognised within 12 months after the reporting period.

(ii) The current portion of deposits include deposits for purchase of property, plant and equipment amounting to RM543,506 (2024: RM1,013,418).

18. INVENTORIES AND RIGHT TO RETURNED GOODS ASSET

(a) Inventories

	The Group	
	2025 RM	2024 RM
Raw materials	15,238,599	10,799,590
Packing materials	1,505,997	1,863,902
Finished goods	49,735,253	64,646,279
	66,479,849	77,309,771
Recognised in profit or loss:		
Inventories recognised as cost of sales	273,332,449	281,722,842
Allowance for slow moving inventories	605,592	2,807
Inventories written off related to fire incident (Notes 7 and 40)	5,862,122	–

The Group writes down the obsolete or slow-moving inventories based on assessments of their estimated net realisable value. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered.

(b) Right to returned goods asset

	2025 RM	2024 RM
At cost:		
Right to returned goods asset	654,320	734,005

The right to returned goods asset represents the Group's right to recover product from customers where customers exercise their right of return under the Group's 3 years returns policy.

19. TRADE RECEIVABLES

	The Group	
	2025 RM	2024 RM
At 1 January	61,298,401	62,779,218
Less: Allowance for impairment loss	(2,644,900)	(2,639,195)
At 31 December	58,653,501	60,140,023

The Group's normal trade credit terms range from cash on delivery to 90 days (2024: cash on delivery to 90 days). Other credit terms are assessed and approved on a case to case basis.

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. TRADE RECEIVABLES (CONT'D)

The trade receivables balance included an amount due from a fellow subsidiary of the ultimate holding company amounting to RM345,273 (2024: RM754,599). This amount is unsecured and interest-free with credit term of 30 days (2024: 30 days).

Movements in the allowance for impairment loss is as follows:

	Credit impaired RM	Lifetime allowances RM	Total RM
2025			
At 1 January 2025	2,289,003	350,192	2,639,195
Impairment loss recognised	407,315	3,532	410,847
Impairment loss reversed	(405,142)	–	(405,142)
At 31 December 2025	2,291,176	353,724	2,644,900
2024			
At 1 January 2024	1,514,315	82,280	1,596,595
Impairment loss recognised	1,037,033	267,912	1,304,945
Impairment loss reversed	(262,345)	–	(262,345)
At 31 December 2024	2,289,003	350,192	2,639,195

When the Group has no reasonable prospects of recovering the amount, the irrecoverable amount will be written off against the receivable directly.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

	Neither past due nor impaired RM	1 to 30 days past due RM	31 to 60 days past due RM	More than 60 days past due RM	Total RM
2025					
Trade receivables	33,931,326	9,010,697	6,302,853	12,053,525	61,298,401
Less: Allowance for impairment loss	(8,011)	(8,726)	(7,967)	(2,620,196)	(2,644,900)
Net	33,923,315	9,001,971	6,294,886	9,433,329	58,653,501
2024					
Trade receivables	33,474,441	14,545,810	6,356,078	8,402,889	62,779,218
Less: Allowance for impairment loss	(17,859)	(10,858)	(7,367)	(2,603,111)	(2,639,195)
Net	33,456,582	14,534,952	6,348,711	5,799,778	60,140,023

20. AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2025	2024
	RM	RM
Loan to a subsidiary	9,500,000	–
Advance to a subsidiary	122,205	110,707
Dividends receivable from subsidiaries	–	2,200,000
	9,622,205	2,310,707

Loan to a subsidiary is unsecured, subject to interest at rates ranging from 2.9% to 3.4% per annum and repayable on demand.

The advance to a subsidiary is unsecured, interest free and are repayable on demand.

21. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rates of the fixed deposits with licensed banks of the Group and the Company as at the end of the reporting period are ranged from 0.83% to 3.60% (2024: 3.40% to 3.60%) per annum.

The maturity periods of the fixed deposits with licensed banks of the Group and the Company are 30 to 90 days (2024: 30 to 90 days).

22. SHARE CAPITAL

	The Group and The Company			
	2025		2024	
	Number of shares Units	Amount RM	Number of shares Units	Amount RM
Issued and fully paid:				
At beginning of year	160,302,333	86,976,638	160,000,000	86,676,846
Issue pursuant to Share Grant Plan	332,633	175,487	302,333	299,792
At end of year	160,634,966	87,152,125	160,302,333	86,976,638

22. SHARE CAPITAL (CONT'D)

(a) Share capital

During the financial year, the Company increased the number of issued shares from 160,302,333 ordinary shares to 160,634,966 ordinary shares by way of new issuance of 332,633 ordinary shares at an issue price of RM0.5276 per ordinary share pursuant to Share Grant Plan.

In 2024, the Company increased the number of issued shares from 160,000,000 ordinary shares to 160,302,333 ordinary shares by way of new issuance of 302,333 ordinary shares at an issue price of RM0.9916 per ordinary share pursuant to Share Grant Plan.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

(b) Long-term incentive plan

At an Extraordinary General Meeting on 30 January 2024, the shareholders approved the establishment of a Long-Term Incentive Plan ("LTIP"), comprising an employees' share option scheme ("ESOS") and a Share Grant Plan ("SGP"). The LTIP is administered by the LTIP Committee which is appointed by the Board of Directors in accordance with the LTIP By-Laws. The LTIP was in force for a period of 5 years from the effective date of 27 February 2024 to 26 February 2029.

The salient features, terms and conditions of the LTIP are as follows:

(i) The total number of shares which may be awarded to the selected eligible employees under the LTIP shall not exceed in aggregate 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time during the duration of the LTIP.

(ii) The total number of shares that may be awarded under the LTIP shall be determined at the sole and absolute discretion of the LTIP Committee after taking into consideration the designation, length of service, work performance and/ or such other matters as the LTIP Committee may deem fit and shall be subject to the following conditions:

- the number of new shares made available under LTIP shall not exceed the amount stipulated in (i) above;

- the allocation to an eligible employee, who either individually or collectively, through persons connected with the eligible employee, holds 20% or more of the issued shares of the Company (excluding treasury shares), must not exceed 10% of the total number of shares to be made available under the LTIP;

- not more than 60% of the total ESOS award shall be allocated to the directors (including executive and non-executive directors) and senior management of the Group whilst 100% of the SGP award shall be allocated to the directors (excluding non-executive directors) and senior management of the Group (excluding dormant subsidiaries, if any); and

- the eligible employee shall not participate in the deliberation or discussion of their respective allocations as well as allocations to persons connected to them.

22. SHARE CAPITAL (CONT'D)

(b) Long-term incentive plan (Cont'd)

The salient features, terms and conditions of the LTIP are as follows: (Cont'd)

(iii) The LTIP Committee has the discretion in determining vesting conditions specified in respect of SGP and ESOS awards. The shares to be issued under SGP awards shall be vested once the vesting conditions are fully and duly satisfied:

- the SGP and ESOS grantee must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the SGP and ESOS vesting date; and

- any other conditions which are determined by the LTIP Committee.

(iv) The shares will be vested with the SGP grantees at no cost to the SGP grantees on the vesting date(s).

(v) The ESOS exercise price shall be based on a price to be determined by the Board upon recommendation of the LTIP committee which will be based on the 5-day weighted average market price of the shares immediately preceding the ESOS award date, with a discount not more than ten percent (10%) during the duration of the Scheme.

On 17 June 2025, the Company granted and vested 805,600 ordinary shares to the eligible employees (including executive directors) of the Company and its subsidiaries under the SGP through issuance of 332,633 new ordinary at the share issuance price of RM0.5276 per share and transfer of 472,967 treasury shares with carrying amount of RM0.46 per share.

During the previous financial year, the Company granted and vested 775,300 ordinary shares to the eligible employees (including executive directors) of the Company and its subsidiaries under the SGP through issuance of 302,333 new ordinary shares at the issuance price of RM0.9916 per share and transfer of 472,967 treasury shares with carrying amount of RM0.46 per share.

During the financial year, the Company granted 515,000 share options under ESOS to employees (including executive directors) of the Company and of its subsidiaries.

23. TREASURY SHARES

During the current financial year, a total of 472,967 ordinary shares were vested and transferred to the eligible employees (including executive directors) pursuant to Share Grant Plan as disclosed in Note 22(b). Consequently, the total number of treasury shares held by the Company has changed from 945,933 ordinary shares as at 31 December 2024 to 472,966 ordinary shares.

During the previous financial year, a total of 472,967 ordinary shares were vested and transferred to the eligible employees (including executive directors) pursuant to Share Grant Plan as disclosed in Note 22(b). Consequently, the total number of treasury shares held by the Company has changed from 1,418,900 ordinary shares as at 31 December 2023 to 945,933 ordinary shares.

The repurchase transactions were financed by internally generated funds. The repurchased shares were being held as treasury shares and carried at cost in accordance with the requirement of Section 127 of the Companies Act 2016. Treasury shares had no rights to voting, dividends and participation in other distribution.

24. TRANSLATION RESERVE AND EMPLOYEE SHARE OPTIONS RESERVE

(a) Translation reserve

The translation reserve represents foreign exchange differences arising from the financial statements of the subsidiaries whose functional currency is different from that of the Group's presentation currency.

(b) Employee share options reserve

The total of the employee share options granted, grant date and the vesting date is as follows:

The Group and the Company		Entitlement over the Company shares	
		Number of share options granted	Reference price per unit
Grant date	**Vesting date**	**RM**	
2 May 2025	2 May 2026	515,000	0.1358

The movements during the financial year in the number of employee share option scheme of the Group and of the Company is as follows:

The Group and the Company	Number of options	Weighted average fair value per share (RM)
Employee share options:		
As at 1 January	–	–
Granted	515,000	0.1358
Lapsed	(40,000)	0.1358
As at 31 December	475,000	0.1358

Employee benefits reserve relates principally to the equity-settled shares-based payment transactions arising from employee share options granted to selected managements and employees as part of their remuneration. The share options vest over a specified vesting period and are exercisable thereafter. The fair value of the employee services received and recognised as an expense in the profit or loss during the current year is RM43,131.

24. TRANSLATION RESERVE AND EMPLOYEE SHARE OPTION RESERVE (CONT'D)

(b) Employee share option reserve (Cont'd)

The fair value of the employee share options granted is estimated at the grant date using a Black Scholes Option Pricing model, taking into account the terms and conditions upon which the instruments were granted. The significant inputs into the model were as follows:

	2025
Exercise price	RM0.422727
Date of grant	2 May 2025
Weighted average share price	RM0.45
Expected volatility	35%
Option life	3 years
Risk-free interest rate	3.24%

The expected life of the share options are based on management's judgment and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

25. RETAINED EARNINGS

Distributable reserves are those available for distribution by way of dividends. The entire retained earnings of the Company are available for distribution as single-tier dividends. Under the single-tier dividend system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders.

26. LEASE LIABILITIES

	The Group	
	2025 RM	2024 RM
Presented as:		
Non-current	1,830,887	4,576
Current	1,101,073	830,501
	2,931,960	835,077
Present value of payments:		
Within one year	1,101,073	830,501
Between one to two years	1,041,227	4,576
Between two to five years	789,660	–
	2,931,960	835,077

27. HIRE-PURCHASE PAYABLES

	The Group	
	2025 RM	2024 RM
Minimum finance lease payments	–	117,133
Less: Future finance charges	–	(472)
Present value of finance lease liabilities	–	116,661
Present value of payments	–	116,661

The Company has plant and machinery acquired under hire purchase agreement. The rights to the assets will revert to the financier only in the event of a default of the terms under these agreements.

The hire purchase payables of the Company at the end of the 2024 bore effective interest rate at 5.28% per annum. The interest rates was fixed at the inception of the hire purchase arrangements.

28. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 90 days (2024: 30 to 90 days) depending on the terms of the contracts.

The trade payables balance included the amount due to a fellow subsidiary of the ultimate holding company amounting to RM4,398,566 (2024: RM4,668,882) and amount due to intermediate holding company amounting to RM949,184 (2024: RM1,772,904). These amounts are unsecured, interest-free with credit terms ranged from 30 to 60 days (2024: 30 to 60 days).

29. OTHER PAYABLES

	Note	The Group		The Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Other payables	(i)	3,987,048	6,180,286	61,884	154
Accrued payroll expenses		1,157,144	1,604,541	234,724	303,056
Refund liabilities	(ii)	1,021,730	1,159,837	–	–
Other accruals		1,603,485	947,795	22,200	24,000
Sales tax payables		1,156,661	380,573	–	–
		8,926,068	10,273,032	318,808	327,210

(i) Other payables balance in 2025 included payable for purchase of property, plant and equipment and interim insurance proceed amounted to RM473,025 and RM1,500,000 respectively.

Other payables balance in 2024 included an amount due to a fellow subsidiary of the ultimate holding company amounted to RM4,163,089. This amount was unsecured, interest free with credit term ranged from 30 to 60 days.

29. OTHER PAYABLES (CONT'D)

(ii) The movement in refund liabilities of the Group during the financial year is as follows:

	Provision for rebate RM	Refund liabilities RM	Total RM
2025			
At 1 January	335,217	824,620	1,159,837
Provision during the year	1,258,493	765,338	2,023,831
Reversal during the year	(1,337,318)	(824,620)	(2,161,938)
At 31 December	256,392	765,338	1,021,730
2024			
At 1 January	569,388	617,985	1,187,373
Provision during the year	1,489,943	824,620	2,314,563
Reversal during the year	(1,724,114)	(617,985)	(2,342,099)
At 31 December	335,217	824,620	1,159,837

30. BANK BORROWINGS

	The Group	
	2025 RM	2024 RM
Bankers' acceptance	43,851,915	66,130,475
Analysed as:		
Repayable within twelve months	43,851,915	66,130,475

In 2024, the above credit facilities obtained from licensed banks are secured by the following:

(a) first party legal charge over certain leasehold land and buildings of the Company as disclosed in Note 13(c); and

(b) corporate guarantee by the Company and a subsidiary.

During the financial year, the legal charge was discharged. The bank borrowings continue to be secured by corporate guarantees provided by the Company and a subsidiary

Ranges of interest rate per annum is as follows:

	The Group	
	2025 %	2024 %
Bankers' acceptance	3.28 - 4.15	3.98 - 5.39

31. PROVISIONS

	The Group	
	2025 RM	2024 RM
At 1 January	846,440	205,358
Provision for the year	990,619	846,440
Paid	(846,440)	(205,358)
At 31 December	990,619	846,440

Provision for sales tax is recognised when the Group has a present legal obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

32. CONTRACT LIABILITIES

	The Group	
	2025 RM	2024 RM
At 1 January	674,192	637,681
Increases due to cash received, excluding amounts recognised as revenue during the year	334,700	674,192
Revenue recognised that was included in the contract liability balance at the beginning of year	(674,192)	(637,681)
At 31 December	334,700	674,192

Contract liabilities represents advance billings for delivery and storage services yet to be provided to the customers with bill-and-hold arrangements.

33. DIVIDENDS

	2025 RM	2024 RM
In respect of the financial year ended 31 December 2024:		
Second and final single tier tax exempt dividend of RM0.005 per ordinary share, paid on 16 June 2025	796,782	–
Interim single tier tax exempt dividend of RM0.01 per ordinary share, paid on 18 September 2024	–	1,593,564
In respect of the financial year ended 31 December 2023:		
Interim single tier tax exempt dividend of RM0.02 per ordinary share, paid on 20 June 2024	–	3,187,128
	796,782	4,780,692

The directors do not recommend the payment of any dividend for the financial year.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities are as follows:

	Bank borrowings RM	Lease liabilities RM	Hire-purchase payables RM	Total RM
2025				
At 1 January	66,130,475	835,077	116,661	67,082,213
Cash flows:				
Drawdown of bank borrowings	177,691,059	–	–	177,691,059
Repayment of bank borrowings	(199,969,619)	–	–	(199,969,619)
Repayment of hire purchase payables	–	–	(116,661)	(116,661)
Repayment of interest (within operating activities)	(2,188,599)	(61,770)	(469)	(2,250,838)
Repayments of lease	–	(845,878)	–	(845,878)
	(24,467,159)	(907,648)	(117,130)	(25,491,937)
Non-cash changes:				
Finance charges recognised in profit or loss	2,188,599	61,770	469	2,250,838
Addition of lease	–	3,264,699	–	3,264,699
Termination of lease (Note 7)	–	(321,938)	–	(321,938)
At 31 December	43,851,915	2,931,960	–	46,783,875
2024				
At 1 January	84,060,482	1,908,495	1,479,806	87,448,783
Cash flows:				
Drawdown of bank borrowings	212,293,907	–	–	212,293,907
Repayment of bank borrowings	(230,223,914)	–	–	(230,223,914)
Repayment of hire purchase payables	–	–	(1,363,145)	(1,363,145)
Repayment of interest (within operating activities)	(2,632,146)	(43,035)	(42,447)	(2,717,628)
Repayments of lease	–	(1,015,266)	–	(1,015,266)
	(20,562,153)	(1,058,301)	(1,405,592)	(23,026,046)
Non-cash changes:				
Finance charges recognised in profit or loss	2,632,146	43,035	42,447	2,717,628
Termination of lease	–	(58,152)	–	(58,152)
At 31 December	66,130,475	835,077	116,661	67,082,213

35. COMMITMENTS

	2025 RM	2024 RM
Capital expenditure:		
Authorised and contracted for:		
Property, plant and equipment	4,055,613	4,460,366

36. RELATED PARTY DISCLOSURE

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group or to the Company if the Group or the Company has the ability, directly or indirectly, to control or joint 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 defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the group entities directly or indirectly.

The Company has related party relationships with its subsidiaries, companies where certain directors of the Group and of the Company have financial interest and key management personnel.

The related parties and its relationship with the Group are as follows:

Name of the companies	Relationship
Hengan International Group Company Limited	Ultimate holding company
Hengan Mega Jumbo Investments Limited	Intermediate holding company
Hengan (Malaysia) Investments Company Limited	Immediate holding company
Anhai (Macao Commercial Offshore) Limited	Fellow subsidiary of the ultimate holding company
Anhai International Trading Limited	Fellow subsidiary of the ultimate holding company
Fujian Hengan Holding Xiamen Business Trade Co., Ltd	Fellow subsidiary of the ultimate holding company

36. RELATED PARTY DISCLOSURE (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related parties disclosed in Note 36(a), the significant related party transactions of the Group and the Company are as follows:

The Group	2025 RM	2024 RM
Fellow subsidiaries of the ultimate holding company:		
Sales of goods	(708,127)	(251,000)
Purchases of raw materials	18,839,625	8,461,204
Purchase of machinery	205,697	6,895,782
Purchase of finished goods	1,875,871	2,187,184
Intermediate holding company:		
Rendering of marketing support services	(967,554)	(2,537,453)
Waiver of intercompany payable	(803,692)	–
Purchase of raw materials	5,009,029	4,766,668
Service fee	169,079	108,916
The Company		
Subsidiaries:		
Management fee income	1,375,000	1,500,000
Interest income on loans	158,281	–
Gross dividend income	–	3,950,000

(c) 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 either directly or indirectly.

The compensations paid to key management personnel during the financial year are disclosed in Note 8.

37. SEGMENT INFORMATION

The Group has three reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports. The following summary describes the operations in each of the Group's reportable segments which identified based on its products line:

Processed papers products	Processed and distributed papers include wood-free paper and art paper.
Disposable fibre-based products	Manufacture and distribute a wide range of disposable adult and baby diapers, sanitary protection, tissue products and cotton products.
Investment holding and others	Investment holding and other business activities.

The accounting policies of the segments are consistent with the accounting policies of the Group.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

37. SEGMENT INFORMATION (CONT'D)

	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Total operations RM
2025				
Revenue				
Total revenue	302,906,411	108,104,327	1,375,000	412,385,738
Inter-segment	(82,928,457)	(25,224,105)	(1,375,000)	(109,527,562)
External customer	219,977,954	82,880,222	–	302,858,176
Results				
Segment results	4,086,471	7,324,881	(1,475,200)	9,936,152
Interest income	521,067	892,654	900,031	2,313,752
Finance costs	(2,187,690)	(63,148)	–	(2,250,838)
Depreciation and amortisation	(1,033,843)	(4,140,197)	(9,135)	(5,183,175)
Losses related to fire incident	–	(11,555,978)	–	(11,555,978)
Other non-cash items	(203,744)	(1,385,414)	–	(1,589,158)
Profit/(Loss) before tax	1,182,261	(8,927,202)	(584,304)	(8,329,245)
Taxation	(349,309)	266,921	731,154	648,766
Profit/(Loss) for the financial year	832,952	(8,660,281)	146,850	(7,680,479)
Segment assets	137,091,177	101,599,238	24,432,098	263,122,513
Additions to non-current assets	3,838,060	5,809,140	28,319	9,675,519
Non-cash expenses/(income)				
Gain on disposal of property, plant and equipment	(85)	(1,200)	–	(1,285)
Allowance of impairment loss on trade receivables, net	(123,036)	128,741	–	5,705
Unrealised loss on foreign exchange	–	206,562	–	206,562
Allowance for slow moving inventories	326,865	278,727	–	605,592
Provision for sales tax	–	990,619	–	990,619
Gain on lease termination	–	(218,035)	–	(218,035)
	203,744	1,385,414	–	1,589,158

37. SEGMENT INFORMATION (CONT'D)

	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Total operations RM
2024				
Revenue				
Total revenue	342,329,014	109,616,943	5,450,000	457,395,957
Inter-segment	(102,029,525)	(41,156,845)	(5,450,000)	(148,636,370)
External customer	240,299,489	68,460,098	–	308,759,587
Results				
Segment results	6,568,063	4,804,452	21,999	11,394,514
Interest income	481,044	1,215,440	1,153,274	2,849,758
Finance costs	(2,526,954)	(190,674)	–	(2,717,628)
Depreciation and amortisation	(631,687)	(4,251,450)	(4,529)	(4,887,666)
Impairment loss on non-financial assets	–	(1,500,000)	–	(1,500,000)
Other non-cash items	(760,514)	(1,326,772)	–	(2,087,286)
Profit/(Loss) before tax	3,129,952	(1,249,004)	1,170,744	3,051,692
Taxation	(1,192,896)	(271,765)	(515,579)	(1,980,240)
Profit/(Loss) for the financial year	1,937,056	(1,520,769)	655,165	1,071,452
Segment assets	160,702,880	104,670,901	33,674,825	299,048,606
Additions to non-current assets	7,629,091	14,713,227	22,396	22,364,714
2024				
Non-cash expenses/(income)				
Bad debts written off	–	4,716	–	4,716
Fair value loss on financial asset	452	–	–	452
Gain on disposal of property, plant and equipment	–	(43,026)	–	(43,026)
Allowance of impairment loss on trade receivables, net	760,301	282,299	–	1,042,600
Unrealised loss on foreign exchange	–	160,119	–	160,119
Allowance for slow moving inventories	1,140	1,667	–	2,807
Provision for sales tax	–	846,440	–	846,440
Property, plant and equipment written off	–	74,557	–	74,557
Gain on lease termination	(1,379)	–	–	(1,379)
	760,514	1,326,772	–	2,087,286

37. SEGMENT INFORMATION (CONT'D)

Revenue based on the geographical location of customers are as follows:

	Revenue	
	2025 RM	2024 RM
Malaysia	261,745,501	293,624,922
Oceania (Papua New Guinea)	34,519,622	3,047,137
Asia (other than Malaysia)	5,353,883	7,854,613
Africa (Mauritius)	1,239,170	4,232,915
	302,858,176	308,759,587

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value through profit or loss ("FVTPL") or at amortised cost. The material accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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:

	At amortised cost RM	At FVTPL RM	Total RM
The Group			
Financial assets			
2025			
Other assets (Note 14)	8,166	14,400	22,566
Trade receivables	58,653,501	–	58,653,501
Other receivables (excluding prepayments and GST receivables) (Note 17)	1,888,968	–	1,888,968
Fixed deposits with licensed banks	37,121,709	–	37,121,709
Cash and bank balances	37,596,357	–	37,596,357
Total financial assets	135,268,701	14,400	135,283,101
2024			
Other assets (Note 14)	8,594	14,400	22,294
Trade receivables	60,140,023	–	60,140,023
Other receivables (excluding prepayments and GST receivables) (Note 17)	2,579,995	–	2,579,995
Fixed deposits with licensed banks	55,200,000	–	55,200,000
Cash and bank balances	38,224,304	–	38,224,304
Total financial assets	156,152,916	14,400	156,167,316

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories 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: (Cont'd)

	2025 RM	2024 RM
The Group		
Financial liabilities		
At amortised cost		
Trade payables	13,547,836	18,712,193
Other payables (excluding accrued payroll expenses and sales tax payables) (Note 29)	6,612,263	8,287,918
Lease liabilities	2,931,960	835,077
Hire-purchase payables	–	116,661
Bank borrowings	43,851,915	66,130,475
Total financial liabilities	66,943,974	94,082,324
The Company		
Financial assets		
At amortised cost		
Other receivables (excluding prepayments) (Note 17)	53,551	72,298
Amount due from subsidiaries	9,622,205	2,310,707
Fixed deposits with licensed banks	21,700,000	31,200,000
Cash and bank balances	1,500,693	432,785
Total financial assets	32,876,449	34,015,790
Financial liabilities		
At amortised cost		
Other payables (excluding accrued payroll expenses) (Note 29)	84,084	24,154

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit risk, liquidity risk and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board. The Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from trade receivables, other receivables and deposits. The Company's exposure to credit risks arises from amounts due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. For cash and bank balances as well as fixed deposits with licensed banks, the Group and the Company minimise credit risk by dealing exclusively with counterparties that have high credit ratings.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group has a significant concentration of credit risk in its trade receivables at the end of the reporting period. Trade receivables amounting to RM12,217,271 representing 21% of the Group's gross trade receivables are due from two customers in Papua New Guinea.

Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirement of MFRS 9. At the end of the reporting period, the financial guarantees of RM31,653,159 (2024: RM45,808,015) were provided to certain financial institutions for credit facilities obtained and utilised by its subsidiaries.

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligation and hence, does not expect significant credit losses arising from these guarantees.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The Group	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2025					
Trade payables	13,547,836	–	–	13,547,836	13,547,836
Other payables (excluding sales tax payable and accrued payroll expenses)	6,612,263	–	–	6,612,263	6,612,263
Lease liabilities	1,247,200	1,123,554	810,000	3,180,754	2,931,960
Bank borrowings	43,982,224	–	–	43,982,224	43,851,915
Total financial liabilities	65,389,523	1,123,554	810,000	67,323,077	66,943,974
2024					
Trade payables	18,712,193	–	–	18,712,193	18,712,193
Other payables (excluding sales tax payable and accrued payroll expenses)	8,287,918	–	–	8,287,918	8,287,918
Lease liabilities	842,600	4,600	–	847,200	835,077
Hire-purchase payables	117,133	–	–	117,133	116,661
Bank borrowings	66,323,680	–	–	66,323,680	66,130,475
Total financial liabilities	94,283,524	4,600	–	94,288,124	94,082,324

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
2025			
Other payables (excluding accrued payroll expenses)	84,084	84,084	84,084
Financial guarantees*	32,181,767	32,181,767	31,653,159
Total financial liabilities	32,265,851	32,265,851	31,737,243
2024			
Other payables (excluding accrued payroll expenses)	24,154	24,154	24,154
Financial guarantees*	46,575,273	46,575,273	45,808,015
Total financial liabilities	46,599,427	46,599,427	45,832,169

* The maximum amount of the financial guarantees issued to the banks for subsidiaries' banking facilities is limited to the amount utilised by the subsidiaries. The Company believes that the liquidity risk in respect of the financial guarantees is minimal as it is unlikely that the subsidiaries will not make payment to the banks when due.

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transaction that are denominated in foreign currencies primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Renminbi ("RMB").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets at the end of the reporting period are as follows:

	Denominated in		
	USD	**SGD**	**RMB**
	RM	**RM**	**RM**
The Group			
2025			
Trade and other receivables	12,217,271	160,397	263,052
Cash and bank balances	1,669,473	–	49,994
Trade and other payables	(88,253)	(3,362,186)	–
	13,798,491	(3,201,789)	313,046
2024			
Trade and other receivables	3,565,965	1,164,078	1,013,418
Cash and bank balances	852,528	–	18,797
Trade and other payables	(3,130,142)	–	(8,489,788)
	1,288,351	1,164,078	(7,457,573)

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in USD, SGD and RMB exchange rates against Malaysia Ringgit ("RM"), with other variables held constant.

		Effect on profit before tax	
		2025	**2024**
		RM	**RM**
Change in currency rate			
USD	Strengthened 5%	689,925	64,418
	Weakened 5%	(689,925)	(64,418)
SGD	Strengthened 5%	(160,089)	58,204
	Weakened 5%	160,089	(58,204)
RMB	Strengthened 5%	15,652	(372,879)
	Weakened 5%	(15,652)	372,879

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group and the Company have fixed rate deposits with licensed banks and fixed rate short term borrowings with tenure of less than 12 months for financial assets and liabilities. The Group and the Company do not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of lease liabilities approximates fair value due to the insignificant effect of discounting.

Fair value of investment properties carried at cost is disclosed in Note 12.

		Fair value measuring using		
	Note	Level 1 RM	Level 2 RM	Level 3 RM
The Group				
2025				
Asset measured at fair value:				
Other assets	14	14,400	–	–
2024				
Asset measured at fair value:				
Other assets	14	14,400	–	–

The fair value measurement hierarchy of the Group's assets are as below.

(i) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value for non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iii) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The gearing ratios at end of the reporting period are as follows:

	2025 RM	2024 RM
Total bank borrowings and hire-purchase payables	43,851,915	66,247,136
Add: Lease liabilities	2,931,960	835,077
Less: Cash and cash equivalents	(74,718,066)	(93,424,304)
Excess cash	(27,934,191)	(26,342,091)
Total equity	192,550,354	200,735,071
Gearing ratio	*	*

* The gearing ratio is less than zero as the Group has excess cash and cash equivalents over total debts.

There was no change in the Group's approach to capital management during the financial year.

40. SIGNIFICANT EVENTS AND EVENT AFTER THE FINANCIAL YEAR END

On 30 June 2025, a fire incident occurred at the factory building of Carefeel Cotton Industries (M) Sdn. Bhd., a subsidiary, resulting in severe damage to the assets and manufacturing facilities located at the premise. As a result, the Group recognised assets write-off, a gain on lease termination, proceed from scrap sale and interim insurance claim proceed in profit or loss for the year as disclosed in Note 7.

The Group received interim insurance proceeds amounting to RM5.1 million, comprising RM3.6 million in respect of property, plant and equipment and RM1.5 million in respect of inventories during the current financial year. The insurance proceeds relating to property, plant and equipment have been recognised as other income for the financial year, as the compensation relates to assets that had been derecognised following the fire incident. The insurance proceeds relating to inventories have been recognised as other payables as at the reporting date, as the recovery did not meet the recognition criteria for income as at year end.

After the financial year end, the Group received approval for final insurance amounting to RM11.7 million and RM5.9 million in respect of property, plant and equipment and inventories respectively. These final claims include the RM5.1 million interim insurance proceeds received during the current financial year. Out of the remaining balance of RM12.5 million, RM7.6 million had been received as at the date of this report.

STATEMENT BY DIRECTORS

The directors of **WANG-ZHENG BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 of 31 December 2025 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

HUI CHING CHI

WONG PUI WAI NANCY

24 April 2026

DECLARATION BY THE OFFICER

Primarily Responsible for the Financial Management of the Company

I, **YONG VOON FUI**, the officer primarily responsible for the financial management of **WANG-ZHENG BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

YONG VOON FUI

Subscribed and solemnly declared by the above named **YONG VOON FUI** at **SHAH ALAM, SELANGOR DARUL EHSAN** this 24 April 2026.

Before me,

COMMISSIONER FOR OATHS

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 the 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

	Group	
	2025 RM	2024 RM
Total Income		
Revenue	302,858,176	308,759,587
Other income	9,673,262	8,030,797
Total	312,531,438	316,790,384
Total Assets	**263,122,513**	**299,048,606**

(b) Business Activities

	Group	
Shariah Non-Compliant Activities	2025 RM	2024 RM
Non-Compliant Activities:		
Interest income (Conventional)	2,313,752	2,849,758
Rental income received from tenant (Conventional)	166,800	148,800
Net fair value loss on financial assets at fair value	–	452
Other Shariah non-compliant activities:		
Insurance income		
- Insurance claims proceeds received from conventional insurance policies	3,600,000	–
Gain on lease termination	218,035	1,379
Gain on disposal of property, plant and equipment	1,285	43,026
Total	**6,299,872**	**3,043,415**

(c) Component of Financial Position

(i) Cash Components

	Group	
Islamic Account/Instruments	2025 RM	2024 RM
Cash at bank (exclude cash in hand)	37,630	41,782
Deposits with licensed bank	1,000,000	1,000,000
Total Cash	**1,037,630**	**1,041,782**

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

(i) Cash Components (Cont'd)

	Group	
Conventional Account/Instruments	**2025 RM**	**2024 RM**
Cash at bank (exclude cash in hand)	37,545,635	38,168,754
Cash in hand	13,093	13,769
Deposits with licensed banks	36,121,709	54,200,000
Total Cash	**73,680,437**	**92,382,523**

(ii) Debt Component

	Group	
Conventional Borrowing	**2025 RM**	**2024 RM**
Current		
Bank borrowings	43,851,915	66,130,475
Hire purchase payables	–	116,661
Total Debt	**43,851,915**	**66,247,136**

LIST OF PROPERTIES

as at 31 December 2025

No.	Location	Aprox. age of building (Years)	Tenure/Date of expiry of lease	Description and existing use	Land area (sqm)	Audited Net book value @ 31.12.2025 (RM)
	Wang-Zheng Corporation Sdn Bhd					
1.	Lot No. 8 & 10, Jalan Pusat BCH 1C, Bandar Country Homes, 48000 Rawang, Selangor. ("Lot No. 8 & 10" held under HS(D)36700 & 36701, PT140 & 141, Bandar Kundang, Daerah Gombak, Selangor)	27	99 years lease expiring on 18.09.2089	Two (2) units of intermediate three (3) storey shophouse used by Wang-Zheng Group	286	235,147
2.	Lot No. 10901, Pekan Sungai Gadut, Daerah Seremban, Negeri Sembilan Darul Khusus (No. 11, Jalan TJ1/4, Kawasan Industri Tuanku Jaafar 1, 71450 Sungai Gadut, Seremban, Negeri Sembilan)	14	Freehold	One and half storey terrace factory. Rented out	205	327,333
	Carefeel Cotton Industries (M) Sdn Bhd					
3.	B-G-09, SUNSURIA FORUM No 1, Jalan Setia Alam Dagang AL U13/AL, Setia Alam, 40170 Shah Alam, Selangor.	8	Freehold	2 Storey commercial shoplot. Rented out	232	2,237,064
4.	GF-21, Hijauan Medini, Persiaran Medini Sentral 1, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor H.S. (D) 564282 PTD 202997 in the Mukim of Pulai, Daerah Johor Bahru, Negeri Johor.	7	94 years lease expiring on 14.02.2107	1½ Storey retail shoplot Rented out	192	1,349,638
	New Top Win Corporation Sdn Bhd					
5.	No 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor. HS(D) 115081, PT 36416, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	19	99 years lease expiring on 11.12.2096	Industrial land on which an office-cum-factory building has been constructed for use by Wang-Zheng Group	26,300	13,084,660
6.	No 5, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor. HS (D) 115080, PT 36415, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	16	99 years lease expiring on 11.12.2096	Industrial land on which a warehouse building has been constructed for use by Wang-Zheng Group	4,006	2,512,544

List of Properties
(Cont'd)

No.	Location	Aprox. age of building (Years)	Tenure/Date of expiry of lease	Description and existing use	Land area (sqm)	Audited Net book value @ 31.12.2025 (RM)
7.	No 7, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor. HS (D) 115079, PT 36414, Mukim Sungai Buloh, Daerah Petaling, Selangor (Mah Sing Industrial Park)	18	99 years lease expiring on 11.12.2096	Industrial land on which a warehouse building has been constructed for use by Wang-Zheng Group	6,072	3,061,240
8.	GF-22, Hijauan Medini, Persiaran Medini Sentral 1, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor HS (D) 564282, PTD 202997, Mukim of Pulai, Daerah Johor Bahru, Negeri Johor.	7	94 years lease expiring on 14.02.2107	1½ Storey Retail Shoplot Rented out	230	1,601,706
9.	No. 9, Jalan Taruka, Kawasan Perindustrian Tampoi, 81200 Johor Bharu, Johor. HS (D) 215977, PTB 19116, Bandar Johor Bharu, Daerah Johor Bahru, Negeri Johor.	31	60 years lease expiring on 26.12.2053	Industrial land on which an office-cum-factory building has been constructed for use by Wang-Zheng Group	4,860	7,068,357
	Modern Alpine Sdn Bhd					
10.	A-16-02, Hijauan Medini, Persiaran Medini Sentral 1, Bandar Medini Iskandar, 79250 Iskandar Puteri, Johor H.S (D) 564282 PTD 202997, Mukim of Pulai, Daerah Johor Bharu, Negeri Johor.	7	94 year lease expiring on 14.02.2107	Condominium Suites Use by Wang-Zheng Group	69	500,671

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2026

Total Number of Issued Shares	:	160,634,966
Issued Share Capital	:	RM87,152,125.00
Class of Shares	:	Ordinary shares
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2026

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholders
Less than 100	51	4.493	609	0.000
100 – 1,000	351	30.926	154,700	0.097
1,001 – 10,000	409	36.035	2,153,909	1.345
10,001 – 100,000	275	24.229	8,910,780	5.564
100,001 – to less than 5% of issued shares	47	4.141	37,315,362	23.298
5% and above of issued shares	2	0.176	111,626,640	69.696
Total	**1,135**	**100.000**	**160,162,000**	**100.000**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2026

No.	Name	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
1.	HENGAN (MALAYSIA) INVESTMENTS COMPANY LIMITED	90,862,933	56.732	–	–
2.	HENGAN INTERNATIONAL GROUP COMPANY LIMITED	–	–	90,862,933[(a)]	56.732
3.	HENGAN MEGA JUMBO INVESTMENTS LIMITED	–	–	90,862,933[(a)]	56.732
4.	AN PING HOLDINGS LIMITED	–	–	90,862,933[(a)]	56.732
5.	AN PING INVESTMENTS LIMITED	–	–	90,862,933[(a)]	56.732
6.	TMF (CAYMAN) LTD	–	–	90,862,933[(a)]	56.732
7.	HUI CHING LAU	–	–	90,862,933[(a)]	56.732
8.	HUI CHING CHI	24,851,707	15.516	90,862,933[(a)]	56.732
9.	SZE MAN BOK	–	–	90,862,933[(a)]	56.732
10.	TIN WING HOLDINGS LIMITED	–	–	90,862,933[(a)]	56.732
11.	TIN LEE INVESTMENTS LIMITED	–	–	90,862,933[(a)]	56.732
12.	HSBC HOLDINGS PLC	–	–	90,862,933[(a)]	56.732
13.	WAYFOONG NOMINEES LIMITED	–	–	90,862,933[(a)]	56.732
14.	HANG SENG BANK LIMITED	–	–	90,862,933[(a)]	56.732
15.	HSBC ASIA HOLDINGS LIMITED	–	–	90,862,933[(a)]	56.732
16.	HANG SENG BANK (TRUSTEE) LIMITED	–	–	90,862,933[(a)]	56.732
17.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	–	–	90,862,933[(a)]	56.732

Note:
[(a)] Deemed interested in the shares held by Hengan (Malaysia) Investments Company Limited pursuant to Section 8 of the Companies Act 2016.

Analysis of Shareholdings
as at 31 March 2026
(Cont'd)

DIRECTORS' INTEREST IN SHARES AS AT 31 MARCH 2026

No.	Name	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
1.	HUI CHING CHI	24,851,707	15.516	90,862,933[1]	56.732
2.	WONG PUI WAI NANCY	10,000	0.01	–	–
3.	SZE MAN BOK	–	–	90,862,933[1]	56.732
4.	MAJ GEN DATO' PAHLAWAN DR MOHANA DASS A/L RAMASAMY (RTD)	5,000	[2]	–	–
5.	YAP PING HONG	10,000	[2]	–	–
6.	LOW GAY TECK	–	–	–	–
7.	KINGTON TONG KUM LOONG	–	–	–	–

Notes:
[1] Deemed interested in the shares held by Hengan (Malaysia) Investments Company Limited pursuant to Section 8 of the Companies Act, 2016.
[2] Negligible.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2026

No.	Name	No. of Shares	% of Shares
1.	HENGAN (MALAYSIA) INVESTMENTS COMPANY LIMITED	90,862,933	56.732
2.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	20,763,707	12.964
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	5,300,700	3.310
4.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	5,055,500	3.156
5.	HUI CHING CHI	4,088,000	2.552
6.	WONG NYOK LAN	3,450,198	2.154
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG SIEW ENG @ ONG CHAI (3000190)	2,336,400	1.459
8.	TEO SIEW LAI	2,000,000	1.249
9.	KEA LEONG MENG	1,276,700	0.797
10.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	1,099,500	0.686
11.	TEH HUI GUAN	947,200	0.591
12.	MOHD RAZALI BIN ABDUL RAHMAN	904,300	0.565
13.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO KOK KIANG	902,000	0.563
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG SIEW ENG @ ONG CHAI (M04)	802,500	0.501
15.	GOH KHENG JIU	800,000	0.499

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2026 (CONT'D)

No.	Name	No. of Shares	% of Shares
16.	TAY YU XIAN	776,700	0.485
17.	PHEY NIEN SZE	500,000	0.312
18.	SOH LAY CHING	443,481	0.277
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI CHEN HOE (7011881)	432,800	0.270
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH KIAN LANG (E-KLC)	413,600	0.258
21.	ZHANG, WENTONG	388,000	0.242
22.	CHEAH YEW TONG	322,800	0.202
23.	KHOO BENG KEONG	301,983	0.189
24.	YEOH CHYIAN CHYIN	298,000	0.186
25.	LAI THIAM POH	273,400	0.171
26.	WONG LAI WOON	262,000	0.164
27.	THANG YUEN MEI	254,000	0.159
28.	NEO HUI SZE	253,300	0.158
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AI MING (E-KLC)	250,100	0.156
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO KOK KIANG (8123858)	214,100	0.134

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("23rd AGM") of Wang-Zheng Berhad will be held at Royal Selangor Club, Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 26 May 2026 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To approve the payment of Directors' fees of up to RM108,000 to the Non-Executive Directors for the period from 26 May 2026 until the conclusion of the next Annual General Meeting of the Company to be held in 2027.	Ordinary Resolution 1 (Please refer to Explanatory Note 2)
3.	To approve the payment of Directors' benefits of up to RM130,600 to the Non-Executive Directors of the Company for the period from 26 May 2026 until the conclusion of the next Annual General Meeting of the Company to be held in 2027.	Ordinary Resolution 2 (Please refer to Explanatory Note 2)
4.	To re-elect the following Directors, who are retiring by rotation in accordance with Clause 105(1) of the Constitution of the Company and being eligible, have offered themselves for re-election:	
	(a) Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd)	Ordinary Resolution 3
	(b) Hui Ching Chi	Ordinary Resolution 4
	(c) Sze Man Bok	Ordinary Resolution 5 (Please refer to Explanatory Note 3)
5.	To re-appoint Messrs. Deloitte Malaysia PLT (formerly known as Deloitte PLT) as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 6 (Please refer to Explanatory Note 4)

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modifications, to pass the following Ordinary Resolutions:

6. **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Constitution of the Company, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such issue price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such New Shares issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed General Mandate").

Ordinary Resolution 7 (Please refer to Explanatory Note 5)

THAT such approval of the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;

b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT pursuant to Section 85 of the Act, read together with Clause 61 of the Constitution of the Company, approval be and is given to waive the Company's shareholders' statutory pre-emptive rights of the shareholders of the Company to be offered the New Shares in the Company ranking equally to the existing issued shares of the Company arising from issuance of the New Shares in the Company to the allottees.

THAT the Directors be and are hereby authorised to issue any New Shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

7. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

Ordinary Resolution 8
(Please refer to Explanatory Note 6)

"THAT, subject always to the provisions of the Companies Act 2016 (the "Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory authorities, approval be and is hereby given to the Company and/or subsidiary companies to enter into all arrangements and/or transactions as specified in Appendix I of the Circular to Shareholders of the Company dated 27 April 2026, involving the interests of directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("Related Parties") as detailed in Appendix I of the Circular to Shareholders of the Company dated 27 April 2026, provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for day-to-day operations; and

(iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to be detriment of the minority shareholders of the Company,

(the "Shareholders' Mandate").

THAT the Shareholders' Mandate shall take effect from this resolution and shall continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

8. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

Ordinary Resolution 9
(Please refer to Explanatory Note 7)

"THAT, subject always to the Companies Act 2016 ("Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase and/or hold such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the maximum aggregate number of shares which may be purchased and/or held as treasury shares by the Company does not exceed 10% of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");

(ii) the maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and

(iii) the shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resell on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and MMLR from time to time.

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse, unless by an ordinary resolution passed at the general meeting, the authority is renewed either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company".

9. To transact any other ordinary business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)
QUECK WAI FONG (SSM PC No. 202208000287) (MAICSA 7023051)
Secretaries

Selangor Darul Ehsan

27 April 2026

NOTES: (Cont'd)

1. A member of the Company shall be entitled to appoint another person(s) as his/her proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Act. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.

4. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited with Boardroom Share Registrars Sdn Bhd not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting ("AGM") or adjourned general meeting at which the person named in the appointment proposes to vote:

   (a) In hard copy form
   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with:

      (i) Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or
      (ii) email to bsr.proxy@boardroomlimited.com

   (b) By electronic means
   The Form of Proxy can be electronically lodged with Boardroom Share Registrars Sdn Bhd through Boardroom Smart Investor Portal ("BSIP") at https://investor.boardroomlimited.com. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Form of Proxy via BSIP.

NOTES: (Cont'd)

7. For purposes of determining a member who shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote at the meeting, the Company shall be requesting for the Record of Depositors as at Tuesday, 19 May 2026. Only a depositor whose name appears on the Record of Depositors shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote at the meeting as well as for appointment of proxy(ies) to attend, participate, speak (in the form of real time submission of typed texts) and vote on his/her stead.

8. Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out above will be put to vote by way of poll.

EXPLANATORY NOTES

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act ("the Act") provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Items 2 and 3 of the Agenda – Payment of Directors' fees and other benefits payable

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of public company or a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Company is requesting the shareholders' approval for the payment of fees in respect of the period from 26 May 2026 until the conclusion of the next AGM of the Company to be held in 2027 in accordance with the proposed remuneration structure set out below:

	Director's fee	
Non-Executive Director	RM1,500 per Director per month	
Attendance allowance	Chairman	Member
Board of Directors	–	RM2,000
Audit Committee	RM3,500	RM1,500
Nomination Committee	RM800	RM800
Remuneration Committee	RM800	RM800
Long-Term Incentive Plan Committee	RM800	RM800

In the event the proposed amount is insufficient (e.g. due to additional meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

EXPLANATORY NOTES (Cont'd)

3. Item 4 of the Agenda – Re-election Directors

Clause 105(1) of the Constitution of the Company provides that, at every AGM, one third (1/3) of the Directors for the time being shall retire from office and every Director shall retire from office at least once in each three (3) years but shall be eligible for re-election. In this respect, Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd), Mr. Hui Ching Chi and Mr. Sze Man Bok are standing for re-election as Directors of the Company.

The Board through the Nomination Committee ("NC") had assessed the retiring Directors based on the Fit and Proper criteria and is satisfied that they have experience, competence, integrity and character in their respective roles as Board members. Based on the results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2025, the performance of each of the retiring Directors was found to be satisfactory.

4. Item 5 of the Agenda – Re-appointment of Auditors

The Audit Committee ("AC") was satisfied with the suitability of Messrs Deloitte Malaysia PLT (formerly known as Deloitte PLT) ("Deloitte") based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by Deloitte to the Company for the financial year ended 31 December 2025 did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia Securities Berhad.

The Board at its meeting held on 16 April 2026 approved the AC's recommendation for the shareholders' approval to be sought at the 23rd AGM on the appointment of Deloitte as external auditors of the Company for the financial year ending 31 December 2026 under Resolution 7 in accordance with Section 340(1)(c) and 218 Section 274(1)(a) of the Act.

5. Item 6 of the Agenda – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and waiver of pre-emptive rights pursuant to Section 85 of the Act

The proposed resolution, if passed, will renew the mandate obtained at the last AGM and authorise the Directors to issue and allot ordinary shares up to 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being, for purpose of, including but not limited to, fund raising activities, placement of shares, funding future investments or projects, working capital and/or acquisitions and so forth. The general mandate will provide flexibility and expediency for issuance of new shares and waive shareholders' pre-emptive rights over new shares in connection with Section 85 of the Act to be read together with Clause 61 of the Constitution of the Company.

As at the date of this Notice of AGM when the existing mandate is in force, the Company did not issue any new shares and hence no proceeds were raised.

6. Item 7 of the Agenda – Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature

The proposed resolution, if passed, will renew the shareholders' mandate obtained at the last AGM and allow Wang-Zheng Group to enter into the recurrent related party transactions of a revenue or trading nature as detailed in the Circular to Shareholders dated 27 April 2026.

EXPLANATORY NOTES (Cont'd)

7. Item 8 of the Agenda - Proposed renewal of authority to purchase its own shares of up to 10% of the total number of issued shares in the Company

The proposed resolution, if passed, will renew the shareholders' mandate at the last AGM and authorise the Directors of the Company to purchase not exceed 10% of the total number of issued shares in the Company for the time being and hold shares so purchased in the manner as the Directors may deemed appropriate in accordance with the Act as detailed in Circular to Shareholders dated 27 April 2026.

PERSONAL DATA PRIVACY

Personal data privacy by submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak (in the form of real time submission of typed texts) and vote at the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the Annual General Meeting ("AGM") of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors at the Twenty-Third AGM are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

The Company will seek shareholders' approval on the 10% General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The said general mandate, if renewed, will provide flexibility and expediency for issuance of new shares for purposes of, including but not limited to, fundraising activities, placement of shares, funding future investments or projects, working capital and/or acquisitions and so forth. As at the date of this Notice of AGM, the Company did not issue any new shares and hence no proceeds were raised during which the existing mandate is in force.

ADMINISTRATIVE GUIDE FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING

("23rd Agm") of Wang-Zheng Berhad ("Wang-Zheng" or the "Company")

Date	:	Tuesday, 26 May 2026
Time	:	10.00 a.m.
Venue	:	Royal Selangor Club Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur Wilayah Persekutuan, Malaysia

(1) Registration

- Registration will start at 9.00am at Royal Selangor Club, Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia and will end at a time directed by the Chairman of the Annual General Meeting ("AGM").
- Please produce your original MyKad/Passport (for foreigners) at the registration counter for verification and registration. Please ensure to collect your MyKad/Passport thereafter.
- Please note that no person will be allowed to register on behalf of another person even with the original MyKad/Passport of that person.
- Upon completion of the registration process, you will be given:
  (i) A QR code wristband will be generated for you to scan and access to the e-polling system via polling stations located at the meeting venue; and
  (ii) Attendance will be recorded and identification wristband will be provided to enter the meeting hall.
- Please be reminded that there will be no replacement in the event that you lose or misplace the barcode wristband.
- Please vacate the registration area immediately after registration and proceed to the meeting hall.
- Please note that you will not be allowed to enter the meeting hall without wearing the barcode wristband.
- The registration counter will handle only verification of identity and registration. If you have any enquiries, please proceed to the Help Desk.

(2) Help Desk

- Please proceed to the Help Desk located at Royal Selangor Club, Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia for any clarification or enquiries.
- The Help Desk will also handle revocation of proxy appointments.

(3) Entitlement to Participate and Vote at the 23rd AGM

In respect of deposited securities, only members whose names appear in the Record of Depositors as at Tuesday, 19 May 2026 shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote in the meeting or appoint proxy(ies) to attend, participate, speak (in the form of real time submission of typed texts) and vote on his/her behalf.

(4) Corporate Members

Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Boardroom Share Registrars Sdn Bhd ("BSR") on or before the 23rd AGM.

Attorneys appointed by power of attorney are required to deposit their power of attorney with Boardroom not later than Tuesday, 26 May 2026 at 10.00 a.m. to attend and vote at the 23rd AGM.

(5) Form of Proxy

If you are unable to attend the 23rd AGM, you are encouraged to appoint a proxy or the Chairman as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please ensure that the original Form of Proxy is deposited with BSR not less than 48 hours before the time appointed for holding the meeting. Details of BSR can be found in the enquiry section of this document.

Alternatively, you may deposit your Form of Proxy by electronic means through the Boardroom Smart Investor Portal ("BSIP") at https://investor.boardroomlimited.com.

Table – Proxy Appointment via BSIP:

Step 1 – Register Online with BSIP (for first time registration only)
Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2. • Access the website at https://investor.boardroomlimited.com. • Click "Register" to sign up as a user. • Complete registration with all the required information. Upload and attach a softcopy of your Identity Card (NRIC) (front and back) or Passport. Click "Register". • You will receive an email from BSIP Online for email address verification. Click on "Verify Email Address" from the email received to continue with the registration. • For corporate shareholder, kindly upload the authorisation letter as well. Click "Sign up". • Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. • Click on "Request OTP Code" and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click "Enter" to complete the process. • Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. • An email will be sent to you to inform the approval of your BSIP account within one (1) business day. • Subsequently, you can login at https://investor.boardroomlimited.com with the email address and password filled up by you during the registration to proceed.

Step 2 – Appointment of Proxy

Individual and Corporate Shareholder

- Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above.
- Select [WANG-ZHENG BERHAD TWENTY-THIRD ANNUAL GENERAL MEETING] from the list of Meeting Event and click "Enter".
- Click "Submit eProxy form".
- Read and accept the General Terms and Conditions and enter your CDS account number.
- Enter your CDS account number and the number of shares held.
- Select your proxy — either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
- Indicate your voting instructions — FOR or AGAINST or ABSTAIN. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate DISCRETIONARY.
- Review and confirm your proxy(ies) appointment. Click "Apply". Download or print the eProxy form as acknowledgement.

Authorised Nominee and Exempt Authorised Nominee

Via BSIP

- Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above.
- Select [WANG-ZHENG BERHAD TWENTY-THIRD ANNUAL GENERAL MEETING] from the list of Meeting Event and click "Enter".
- Click on "Submit eProxy Form".
- Select the company you would like to represent.
- Proceed to download the file format for "Submission of Proxy Form" from the investor portal.
- Prepare the file for the appointment of proxy(ies) by inserting the required data.
- Proceed to upload the duly completed proxy(ies) appointment file.
- Review and confirm your proxy(ies) appointment and click "Submit".
- Download or print the eProxy Form as acknowledgement.

- If you wish to attend the AGM yourself, please do not submit any form of proxy. You will not be allowed to attend the 23rd AGM together with a proxy appointed by you.

- If you have submitted your form of proxy prior to the AGM and subsequently decided to attend the 23rd AGM yourself, please write in to bsr.proxy@boardroomlimited.com to revoke the earlier appointed proxy 48 hours before the 23rd AGM or proceed to the Help Desk located at Royal Selangor Club, Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia to revoke the appointment of your proxy.

(6) Revocation of Proxy

If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to attend, participate, speak and vote at the 23rd AGM yourself, please write in to bsr.proxy@boardroomlimited.com to revoke the earlier appointed proxy 48 hours before the 23rd AGM or proceed to the Help Desk located at the meeting venue on the date of the meeting to revoke the appointment of your proxy.

(7) Submission of Pre-AGM Question(s)

Shareholders may submit questions in advance on the 23rd AGM resolutions and Annual Report 2025 commencing from Tuesday, 27 April 2026 and in any event no later than 10.00 a.m., Tuesday, 19 May 2026 via Boardroom's website at https://investor.boardroomlimited.com using the same user ID and password provided by Boardroom, and select "SUBMIT QUESTION" to pose questions. The Board will endeavour to respond to Pre-AGM Meeting Questions and questions raised on the day of the 23rd AGM.

(8) Voting Procedures

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 3rd AGM will be conducted by poll. The Company has appointed BSR as the Poll Administrators to conduct the poll by way of electronic voting (e-Voting) and Sky Corporate Services Sdn Bhd as the Independent Scrutineers to verify the poll results.

(9) Distribution of Gifts

There will be distribution of door gifts at the 23rd AGM.

(10) Refreshments

Refreshment will be served at the 23rd AGM.

(11) Parking

You may park your vehicle at the allocated visitors' parking bays.

(12) No Recording or Photography

No recording or photography of the 23rd AGM proceedings is allowed without the prior written permission of the Company.

(13) Enquiry

If you have any enquiries prior to the 23rd AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.):

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

General line: 603-7890 4700
Fax number: 603-7890 4670
Email: bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak (in the form of real time submission of typed texts) and vote at the 23rd AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 23rd AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the 23rd AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

WANG-ZHENG BERHAD
Registration No. 200301009817 (612237-K)
(Incorporated in Malaysia)

FORM OF PROXY

I / We ..... (FULL NAME IN BLOCK CAPITAL) *NRIC/Registration No.

..... of .....

.....
(Full ADDRESS) being a member(s) of **WANG-ZHENG BERHAD [Registration No.: 200301009817 (612237-K)]** hereby appoint(s):-

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:	WeChat ID:		

and/or

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:	WeChat ID:		

and failing *him/her/them, the Chairman of the Meeting, as *my/our *proxy to attend, participate, speak and vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be at Royal Selangor Club, Dewan Tan Sri Hamzah at 1st Floor, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 26 May 2026 at 10.00 a.m. or at any adjournment thereof in the manner as indicated below:

Resolution	Agenda	For	Against
Ordinary Resolution 1	Payment of Directors' fees of up to RM108,000 to the Non-Executive Directors		
Ordinary Resolution 2	Payment of Directors' benefits of up to RM130,600 to the Non-Executive Directors		
Ordinary Resolution 3	Re-election of Maj Gen Dato' Pahlawan Dr Mohana Dass A/L Ramasamy (Rtd) as Director		
Ordinary Resolution 4	Re-election of Hui Ching Chi as Director		
Ordinary Resolution 5	Re-election of Sze Man Bok as Director		
Ordinary Resolution 6	Re-appointment of Messrs Deloitte Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026		
Ordinary Resolution 7	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and waiver of pre-emptive rights pursuant to Section 85 of the Act		
Ordinary Resolution 8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Ordinary Resolution 9	Proposed renewal of authority to purchase its own shares of up to 10% of the total number of issued shares in the Company		

Please indicate with an "X" in the spaces how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution at his/her discretion.

Dated this _____ day of _____, 2026

_____
* Signature/Common Seal of Shareholder

No. of Shares Held	
CDS Account No.	
Tel No. (During office hours)	

NOTES:

1. A member of the Company shall be entitled to appoint another person(s) as his/her proxy(ies) to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Act. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint one (1) or more proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
4. Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hands of an officer or attorney duly authorised.

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AFFIX
STAMP

The Poll Administrator of

WANG-ZHENG BERHAD

[Registration No.: 200301009817 (612237-K)]

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

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6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited with Boardroom Share Registrars Sdn Bhd not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
   (a) In hard copy form
   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with:
      (i) Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or
      (ii) email to bsr.proxy@boardroomlimited.com
   (b) By electronic means
   The proxy form can be electronically lodged with Boardroom Share Registrars Sdn Bhd through Boardroom Smart Investor Portal ("BSIP") at https://investor.boardroomlimited.com. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of Form of Proxy form via BSIP.
7. For purposes of determining a member who shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote at the meeting, the Company shall be requesting for the Record of Depositors as at Tuesday, 19 May 2026. Only a depositor whose name appears on the Record of Depositors shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote at the meeting as well as for appointment of proxy(ies) to attend, participate, speak (in the form of real time submission of typed texts) and vote on his/her stead.
8. Pursuant to Paragraph 8.29A of the Listing Requirements, all resolutions set out above will be put to vote by way of poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of 23rd AGM dated 27 April 2026.

Fold This Flap For Sealing

皇 城 集 团
WANG-ZHENG BERHAD
200301009817 (612237-K)

No. 1, Jalan Utarid U5/19, Section U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: 03-7801 3333 Fax: 03-7801 3336

WANG-ZHENG BERHAD GROUP OF COMPANIES

Wang-Zheng Corporation Sdn. Bhd.
Registration No. 198701008235 (166952-D)

Quality Hero Corporation Sdn. Bhd.
Registration No. 200001012762 (515368-M)

Carefeel Cotton Industries (M) Sdn. Bhd.
Registration No. 199301013509 (268247-U)

New Top Win Corporation Sdn. Bhd.
Registration No. 199401016709 (302387-H)

Modern Alpine Sdn. Bhd.
Registration No. 200201005945 (573608-P)

Wonderful Eden Sdn. Bhd.
Registration No. 201001009703 (894333-U)

Wang-Zheng Hong Kong Trading Co. Limited
Registration No. 3277092

Wang-Zheng Singapore Pte. Ltd.
(UEN. 202531776N)

www.wangzhengberhad.com